Daily Report

Central Eurasia

FBIS-SOV-96-098
Monday
20 May 1996

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Daily Report
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Russia: Yeltsin Visits Krasnoyarsk, Comments on Elections

LD1705192296 Moscow Russian Television Network in Russian 1600 GMT 17 May 96

[Video report by correspondent G. Nikolayev; from the "Vesti" newscast]

[FBIS Translated Excerpt] The incumbent President Boris Yeltsin left on a trip to Siberia today. Right now Boris Yeltsin's plane is due to land at Krasnoyarsk.

[Nikolayev] Boris Nikolayevich is flying to Krasnoyarsk as part of his election campaign, and the main feature of his plans is meetings with the local people and a visit with writer Viktor Astafyev in Ovsyanka. The leadership of Krasnoyarsk Territory believe that Yeltsin will be elected for a second term and is preparing to discuss a number of problems that are of fundamental importance to the region. [passage omitted]

[Begin recording] [Yeltsin] Our task — well, my task — is to see that there is less power here, at a federal level, and that there should be more power lower down, in the associations [assotsiatsiyi], the components of the federation, in the regions, territories, republics, and so on.

[Unidentified female correspondent] But are you prepared for the unexpected — defeat at the elections?

[Yeltsin] That has not even entered my head. Just imagine the commander of a front, defending certain lines — just as I am defending democracy and the reforms in Russia — and suddenly he is asked to surrender everything, and he says in advance — yes, perhaps, I will. That will not happen. I am confident of my victory, and I will right to the end. [end recording] [passage omitted] [video shows scenes in Krasnoyarsk with banner supporting Yeltsin draped across street, shot of Solzhenitsyn with unidentified man by lake side, interior of works, a dam, vox-pop interviews, Yeltsin being interviewed]

Russia: Yeltsin Addresses Election Meetings in Krasnoyarsk

LD1805171896 Moscow NTV in Russian 1500 GMT 18 May 96

[Report by unidentified special correspondent in Krasnoyarsk, including recorded remarks by Russian Federation President Boris Yeltsin; from the "Segodnya" newscast]

[FBIS Translated Text] [Yeltsin] Easy does it, just keep calm now, mind the ladies. [Video shows crowd pushing and shoving, heavy militia presence]

[Correspondent] In Krasnoyarsk this morning the president had to intervene personally to calm down people who were wanting to talk to him. Those gathered in the center of town by the statue of Anton Chekhov were mostly young people, the category of Krasnoyarsk citizens best inclined toward the president. Given the blunt character of Siberians and the strong communist mood in the area, Boris Yeltsin tried to speak as much to the point and as concretely as possible. The president talked about his new decrees to support higher education colleges, and about the program for the Russian Federation Army to move onto a professional contractual footing by the year 2000.

[Yeltsin] Today's 14-year old lads — the ones who are 14 at the moment — will not be called up in spring of the year 2000!

[Correspondent] Despite the opinion that young people are not interested in politics, Boris Yeltsin's audience today turned out to be politically aware, and the president was asked several times about the possibility of a coalition with Grigoriy Yavlinskiy, who, according to local opinion polls, is one of the three most popular candidates — the others being Yeltsin and [Gennadiy] Zyuganov.

The president answered that he is ready for any accords with various political forces, and is ready to create a coalition government. Relations with Yavlinskiy, however, have not yet gelled.

[Yeltsin] I offered him the post of first deputy prime minister with responsibility for reforms. That's exactly his area, that's his brainchild, his forte, and the thing he likes best, too. I tried to persuade him, but his pride does not allow him to agree to this. So he said — no, prime minister!

[Correspondent] Yeltsin said that conversation with Yavlinskiy was not yet over.

Yeltsin reaffirmed his intention to go to Chechnya, no matter what, even though many people are trying to dissuade him from going on the grounds that it is too risky. Yeltsin was philosophical in response to these pleas.

[Yeltsin] I have to go there and I have to solve the problem. It is dangerous, there is a risk, several risks. But life as a whole is risky.

[Correspondent] Boris Yeltsin tried to conduct his present visit to Krasnoyarsk like one big heart-to-heart talk, not getting particularly bogged down over the political disagreements but trying to talk about the simple and comprehensible things, asking for support, as it were, in a human way.

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[Yeltsin, talking to small girls] Say hello to your mummies for me, and tell them to go along and vote for the president, OK? Give them greetings from me. [Laughter from bystanders]

[Correspondent] In his turn, Yeltsin promised Siberians state support.

[Yeltsin, on podium, addressing audience in hall] Today, in keeping with tradition, I threw a coin into the river Yenisey, for happiness. But don't think that this is the end of financial support for your territory on the president's part. [applause]

[Correspondent] Addressing a congress of his supporters at the large concert hall of the Krasnoyarsk philharmonic orchestra, Yeltsin described the significance of the territory as a mighty strategic resource of Russia which during the years of Soviet power had been undermined by an attitude of negligence and waste and discriminated against by the center.

In the new Russia, Yeltsin sees Siberia rewarded for its contribution to the country's development.

[Yeltsin] Your severe territory needs to be raised up and provided with facilities in such a way to ensure that the times when Siberia was a place of hard labor and exile are forgotten once and for all. I am convinced that the time will come when life here will be a reward of fate, not punishment for man. I am convinced of this. [applause]

[Correspondent] Siberia may be regarded as not the most successful region for Boris Yeltsin. There is a strong communist organization and a high rate of unemployment here, and many factories, including some in Krasnoyarsk, are idle. Therefore, perhaps the president chose the tactics which suited best. He practically made no promises, practically did not criticize the communists, and spoke of the independence of the Siberians, which, the president said, the center is ready to support.

Russia: Yeltsin Listens to Problems of Krasnoyarsk Residents

LD1805075396 Moscow ITAR-TASS in English 0742 GMT 18 May 96

[By Yuriy Khots, Andrey Shtorkh]

[FBIS Transcribed Text] KRASNOYARSK May 18 (Itar-Tass) — Since his arrival in Krasnoyarsk, President Yeltsin has had several meetings with residents of the city. The first of them took place outside a food store, where the President's motorcade made a stopover.

Krasnoyarsk residents who surrounded him, including many young people, spoke about the need for increasing student scholarships and improving the effectiveness of laws and decrees. In their opinion, may of them do not work, because there are too many intermediaries between the President and the regions.

The bureaucratic apparatus is really too big, Yeltsin agreed, and he is going to improve the situation by reducing it.

The problem of reforming the army was also mentioned.

Yeltsin reminded them that his latest decree envisaged the transfer to the formation of the army exclusively on a professional basis after 2000. "But this should be done step by step. Every year the number of contract soldiers should go up in every region, so that by the fixed date, when the mandatory call-up for military service is abolished, we shall not be left with an army reduced by half. I think that mothers of the boys who are now 14 will be the happiest about the abolition of the mandatory call-up," he said.

Speaking about his relations with Grigoriy Yavlinskiy, Yeltsin said that during their recent meeting he had offered him the post of first deputy prime minister in charge of the reform. "This is his reform, his brainchild, his sphere of action. However, Yavlinskiy's self-esteem does not allow him so far to accept the offer."

The President described Yavlinskiy as a "man with a lot of self-esteem" who "wants to take part in the presidential elections, and this is all to be said." He expressed hope that he and Yavlinskiy would manage to reach agreement. "He is a clever man, and he has my respect. We maintain good relations and contacts," the President said.

He pointed out that the Yabloko leader had given to him a detailed list of the terms, on which he may withdraw from the electoral race and urge his electors to vote for Yeltsin. Yeltsin described those terms as "difficult," which envisage "personnel changes and the changing of the programme." "At the same time, many, the majority of the terms might be accepted. We shall go on working on it," the President said.

Yeltsin stressed that he was ready to unite with everybody, was ready to create a coalition government, made up of representatives of all the parties and public movements. "I urge them to unite, I do not reject anybody, but some of them have a lot of self-esteem," Yeltsin said.

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Russia: Yeltsin Campaigns in Omsk Region, Visits Zhukov Memorial

LD1905121596 Moscow ITAR-TASS in English 0915 GMT 19 May 96

[FBIS Transcribed Text] OMSK, May 19 (Itar-Tass) — President Boris Yeltsin laid flowers at the monument to Marshal Georgiy Zhukov in the Siberian city of Omsk which he is now visiting. The entire square in front of the monument was flooded with Omsk residents who held slogans in support of Yeltsin.

Some of them read: "Club of Russian Merchants. Merchants vote for Yeltsin"; "We vote for Yeltsin, guarantor of stability"; "Siberian Cossacks for President Yeltsin"; "A new perestroika is a calamity" and "Yes to President Yeltsin".

Following the flower-laying ceremony, Yeltsin spoke at length with Omsk residents, including veterans of the Afghan war. They raised questions vital to them, including the problem of providing invalids of the Afghan campaign with special vehicles.

Following a brief conversation with Omsk Region Governor Leonid Polezhayev, the president instructed local authorities to allocate from local funds 56 new cars equipped for invalids.

The Russian leader was also asked about the implementation of the law on veterans. Yeltsin stressed that the Omsk Region is the only one in Russia where this law is being fully implemented.

Yeltsin's interlocutors included ethnic Germans who live in great numbers in the Omsk Region and throughout Siberia. Addressing Yeltsin, they assured him that the position of Russian Germans is united.

According to their statements, it is necessary to preserve what has been won, and there is no need for new upheavals. Therefore, Russian Germans, or at least the majority of them, intend to back the incumbent president in the upcoming elections.

They requested that the Russian leader receive a delegation of Russian Germans in the Kremlin to discuss their national issues. Yeltsin gave an instruction to his assistant Anatoliy Korabelshchikov to organize and hold this meeting, possibly before the presidential elections.

Addressing Omsk residents, the chief executive said that every vote will be invaluable in the presidential elections on 16 June. Therefore, Russians should come to polling stations and vote for their favorite candidate.

This will not be voting for a certain individual candidate, but this will be voting for Russia's future and for their own destiny, the president stressed.

Of interest was a dialogue between Yeltsin and a reporter from Kazakhstan. The reporter handed over a map issued by a Kazakh newspaper, where the Omsk Region is shown as a component part of Kazakhstan.

Yeltsin was sincerely surprised by such geographic innovations and promised to examine this issue with Kazakh President Nursultan Nazarbayev.

Connected with this Yeltsin noted that he often has to tackle the heads of the Commonwealth of Independent States with questions pertaining to the position of Russian-speaking populations and to border problems.

For instance, Yeltsin reported that 40 people were recently arrested in Belarus after a demonstration. "I had to interfere and take measures. I spoke with Belarusian President Alyaksandr Lukashenka, asking for a release of those people. "After all, citizens in Russia and other CIS countries have the right to meetings and demonstrations. People are free to express their opinions, to stage rallies and to gather where they like."

Turning to the situation in the military complex (this problem is very acute in the Omsk Region where there is a great number of munitions factories), Yeltsin joked that "the defense complex is not the complex from which we should free ourselves."

On the contrary, a presidential decree was signed recently to develop the military complex. The decree provides for specific measures to develop the munitions industry.

As for the Omsk Region, conversion to peaceful footing is going on here satisfactorily, the head of state claimed. Things will look even better when the decree starts functioning.

Speaking with a woman worker from a textile factory in Omsk, Yeltsin noted that the government now is following the course of supporting national goods producers.

"We have established strict tariffs on imports so that consumers should receive more Russian goods. However, you, in turn, should produce goods of better quality so that they should boldly compete with imports. The state will help you with anything you need," Yeltsin emphasised.

Of course conversations did not bypass social issues which are traditional in any Russian region: the payment of pensions, wages, and allowances for children. Yeltsin noted that allowances for children are indeed insufficient in Russia.

"I recently had a meeting with large families," the Russian leader said. "It turned out that they really have

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quite a number of problems. I shall not promise anything during the next month, but we shall raise the size of allowances for children within this year," the president noted.

Russia: Yeltsin Outlines Social Measures During Omsk Visit

LD1905185396 Moscow ITAR-TASS in English 1715 GMT 19 May 96

[FBIS Transcribed Text] OMSK, May 19 (Itar-Tass) — Yeltsin informed the audience about a package of measures to be introduced in a short run in order to improve living conditions of the population.

He said that the government planned to approve minimum living standards already in 1996. These will include wages, pensions and allowances, as well as free educational, health care and culture-related services, he explained.

Additional measures aimed at holding back unemployment will be introduced in 1996-1997. Workers released due to business closures will receive gratuities on discharge and will be paid allowances during a period of retraining.

The president pledged an increase in receipts of low-income groups. He said that the government will take decisive steps to bring minimum wage and pension closer to subsistence level. Minimum wages will be graded by regions and industries he said.

Yeltsin vowed to compensate the population for inflationary loss of savings in the years of reform. Partial indexation of people's deposits in the savings banks will start on June 10, he said referring to his recent decree. But the bulk of the sums will be reimbursed in 1997, he added.

The government will repay its debts in installments and will gradually pay them off, Yeltsin stressed.

The president expressed confidence that huge resources of Siberia, accounting for about a half of Russia's 30 trillion dollars worth of natural wealth, will sooner or later entice investment. And it is the government's responsibility to facilitate this process by all possible means, he said.

Yeltsin gave to understand that only his victory in the race will guarantee Russia's further economic growth.

"I think it is clear that on June 16, one will vote 'for' or 'against' investment in our economy, 'for' or 'against' stability of our society, and hence, 'for' or 'against' the revival of our country," he said.

The president said that creating favourable climate for domestic and foreign investment in Siberia was a major goal of the government and that some steps had been taken already to help the region become a pilot site of investment-aided development.

The government has lowered taxation rates on foreign investment and exempted machinery and equipment exports from the value-added tax, Yeltsin said.

He pledged to take more measures soon to aid exporters in addition to already lowered or scrapped customs duries on certain goods.

Touching upon latest changes in the rouble policies, Yeltsin said that over its nearly one-year effective period, the rouble corridor had helped stabilise the national financial system and curtail inflation.

New government policies provide for greater flexibility in regulating exchange rates accounting for changes in inflation and money supply, the president said.

The new targets are to stabilise the rouble-to-dollar rate, smooth its fluctuations and push the dollar out of the economy, according to him.

Yeltsin backed a local business proposal to create a Siberian affiliate of the federal commission for power engineering.

With energy supplies cheaper than in other regions, Siberia's products will become competitive, the president remarked. To drive down production costs, Yeltsin suggested that gas prices be graded with an account for transportation costs.

Responding to a proposal by the local business, the president instructed economic and fuel ministers to consider replacing Kazakhstan coal supplies to the Omsk region with those from Russia's Kuzbass.

Russia: Yeltsin Visits Omsk Library, Discusses Problems

LD1905133496 Moscow Russian Public Television First Channel Network in Russian 1100 GMT 19 May 96

[Vladimir Polozhentsev video report from Omsk; from the "Novosti" newscast—recorded]

[FBIS Translated Text] Boris Yeltsin began his trip around Omsk with a visit to one of the largest libraries in Europe, the Pushkin. It holds over 3 million publications. A modern computer system takes just seconds to find any one of them. Boris Yeltsin asked about the works of Viktor Astafyev, whom he met yesterday. But even here in a library, it was Russia's gravest problems that were under discussion: [video shows Yeltsin surrounded by people, including former Russian prosecutor Kazannik]

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[Kazannik] Boris Nikolayevich, just two questions trouble us.

[Yeltsin] Which ones?

[Kazannik] First, will there be any turning back?

[Yeltsin] No.

[Kazannik] Splendid.

[Yeltsin] There won't be.

[Kazannik] And second: When will a decree on ending the war in Chechnya be carried out?

[Yeltsin] I want to go there. You know that. But right now there is such an uproar across Russia, and I am getting thousands and thousands of letters asking me not to go because of the danger, because bandits are bandits. You cannot surround them. Anyway, there are systems now, including what they make in this town, that can score a direct hit at 200 km. So I am not worried, I want to go there. But I do not want to upset people and make them think that I have ignored their advice and gone there regardless. I will go there and I will sit all three sides at the negotiating table. I am sure of that.

[Polozhentsev] Probably the main question put to the president today was whether a civil war would start after the elections:

[Yeltsin] If I am elected, then I guarantee that there will be no civil war. As president, as guarantor of the Constitution, as a man who knows the situation and is in charge of the situation, I guarantee that I can hold all the political forces in check; and if Zyuganov wins, his historical experience is such that he will find it difficult to refrain from such a war. Will he himself fight? Ask him that, and how he plans to get out of it.

[Polozhentsev] Also today, Boris Yeltsin placed flowers on Marshal Zhukov's grave and later, here on the square, met the local people. [video shows Yeltsin in city square, surrounded by people] He promised disabled veterans of the Afghanistan war 56 cars with manual controls, and to pay half the cost of an apartment block being built for them. Boris Yeltsin quickly found a common language with the Cossacks: [video shows Yeltsin with microphone in hand, addressing Cossacks]

[Yeltsin] Greetings to the Cossacks! [Shouts from crowd: "Good health, Mr. President!"]

[Yeltsin] Lyubo, lyubo, lyubo! [traditional Cossack expression of approval]

[Koletin] Mr. President — chieftain of the Second Military Section, Cossacks Colonel Koletin.

[Yeltsin] Pleased to meet you. First, I am glad you are united, and that you are now together. And I think you will support the two recent presidential decrees on the Cossacks.

[Koletin] Not only the last two — all of them.

[Yeltsin] That's right, and the president's policy on the Cossacks, the Terek Cossacks. I fully support them and will continue to do so. I say again: Lyubo, Cossacks! [Voices from crowd: "Lyubo!"]

[Polozhentsev] Boris Yeltsin also signed an agreement today on the demarcation of powers between Omsk Region and the center, and later met regional leaders at a sitting of the Siberian Accord interregional association. [video shows Yeltsin at official meeting] This association was established in November 1993 to coordinate the regions during the reforms. Siberia can and will develop as an integrated region with a strong industrial base, Boris Yeltsin said. The job of the federal authorities is to help that process. There should be a comprehensive approach to resolving the problems facing Siberia. That means a long-term federal program to develop Siberia. A version of this program has been discussed many times in officials' offices, and now it is time for action. But, the president said, we have no task more important than to ensure civic peace in the country and a tranquil life for the people. This is particularly important on the eve of presidential elections, when hotheads are once again calling for a fight to the last drop of blood.

Eight decades ago, Boris Yeltsin said, the civil war swept deeply into Siberia. Its shadow hangs over Russia to this day. It is the shadow of the denunciation of the Cossacks, enforced collectivization, the gulag, and the hatred and extremism of some of today's politicians. [Video shows Yeltsin speaking]

[Yeltsin] I am sure that Russia is sufficiently mature to move, finally, to a civilized political existence. For me, victory in the elections is not just victory over political opponents. It is the road to preserving civic accord, to restoring the civic accord of the past. It is the road to preserving stability and a decent life for the people of Russia. I know what I am saying when I say: I have the experience and strength to prevent new upheavals. This strength is multiplying thanks to your support, the support of Siberians, the support of the people of Russia.

Russia: Yeltsin Rejects Communist Talks, Suggests Cabinet Reshuffle

LD1905101696 Moscow ITAR-TASS in English 1005 GMT 19 May 96

[By Andrey Shtorkh and Anatoliy Petrov]

[FBIS Transcribed Text] OMSK, May 19 (Itar-Tass) — "I agree that our platform should be possibly reinforced

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with planks from other candidates' platforms, and this is possible," President Boris Yeltsin said in an exclusive interview with the Irtysh TV company in the Siberian city of Omsk where he was on a visit this Sunday.

Asked by the Omsk TV company whether Yeltsin is ready to sit at the negotiating table with his rivals in the presidential race, Yeltsin said: "Why? I'm full with communist propaganda over 30 years of my stay in the Communist Party.

"I do not need these declarations and demagoguery. There is nothing business-like there. What should I listen to at such meetings? We are doing business. We have a specific platform, and we are working on this platform."

Turning to a possibility of enriching his platform with planks from platforms of other presidential candidates, Yeltsin stressed that "we should not behave in a peremptory way as if our platform is the best, the only one and flawless. No, it is not."

According to the president, "we shall take something" from other platforms. Why not to take, for instance, all interesting ideas from Yavlinskiy which he told me?" said Yeltsin, having in mind a letter handed over to him by Yabloko leader Grigoriy Yavlinskiy at their meeting on May 16.

"Why not to take ideas from other candidates?" the head of state continued.

"This is also true of personnel," Yeltsin added. "Why not to take personnel from other political movements? The same thing with the government: a fresh government should be formed to evoke greater confidence among population."

According to the head of state, the present apparatus of officials became bureaucratic. Population is tired of them, and population does not believe them.

"Therefore," Yeltsin stressed, "we should replace, may be, the greater part of the government team. They should be replaced with fresh people who, having fresh views, can tackle issues in the country, in Russia."

Russia: Yeltsin Says Federal Program Needed To Develop Siberia

LD1905092796 Moscow INTERFAX in English 0909 GMT 19 May 96

[FBIS Transcribed Text] OMSK, May 19 (Interfax) — Russian President Boris Yeltsin has spoken out in favor of a complex approach to the settlement of problems facing Russia's Siberia.

"(We) need a long-term federal program to develop Siberia," he said at the session of the Siberian Agreement inter-regional business association in the Siberian city of Omsk on Sunday.

"Options regarding this program have been discussed on various level for several years. It's time the program were brought into existence. I have given an instruction to complete this program's drafting in June 1997," said Yeltsin.

The program will become a nationwide program and will receive powerful state support, he said.

The program to develop Siberia should help discover a maximum of the regions' business capabilities. The development of economic relations between Russia and foreign countries, primarily China, should give an impetus to economic growth in the eastern regions of Russia, Yeltsin said.

"I have recently visited China. When I was preparing for this visit and holding talks, I thought about Siberia all the time. China is not just Russia's neighbor. First of all, it is Siberia's neighbor," he said.

China is a "huge market" where Siberian companies can profitably sell their products, Yeltsin told businessmen at the session. "Russia is the most beneficial partner for China. We both are interested in making the best use of the joint potential," he said.

Yeltsin stressed that the future program to develop Siberia would "work for the needs of people," which "is a social priority not only in Siberia but in entire Russia."

Yeltsin commented in detail on several problems concerning the economic development of the country's eastern regions and measures that were being implemented or would be launched in order to develop Siberian railroads and balance the economic potential of various regions.

The accommodation of migrants has become a serious problem for local administrations in the country's eastern regions, Yeltsin said, urging the Siberian Agreement association to help handle this problem.

Russia: Yeltsin: Dollar To Be Forced Out of National Economy

LD1905102396 Moscow INTERFAX in English 0925 GMT 19 May 96

[FBIS Transcribed Text] OMSK, May 19 (Interfax) — Russia can now pass over to more flexible methods of currency regulations, Russian President Boris Yeltsin said at a session of the Siberian Agreement inter-regional business association in the Siberian city of Omsk on Sunday, adding that "(we) will be forcing the dollar out of our economy."

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The currency corridor has played its positive part in financial stabilization in the country, Yeltsin said.

The national economy has reached the phase of development after which economic growth will begin, he believes.

The day of June 16 will be not just the date of presidential elections but also "the day of voting 'for' or 'against' investments in the Russian economy, 'for' or 'against' stability," said Yeltsin.

"While voting in the June 16 elections, the Russian people will manage to distinguish between real work and demagogy of those who are just rocking the boat instead of engaging themselves in laborious work for the good of the country and its people," he said.

Yeltsin also emphasized the need to support exporters and improve the investment policy. "Siberia should become an exemplary model of investment policies," he said.

Russia: Yeltsin Ready To Create Coalition Government

LD1805052196 Moscow ITAR-TASS in English 0431 GMT 18 May 96

[By Yuriy Khots, Andrey Shtorkh]

[FBIS Transcribed Text] KRASNOYARSK May 18 (Itar-Tass) — "I am ready to unite with everybody, I am ready to create a coalition government, made up of representatives of all parties and public movements," President Yeltsin said, talking with Krasnoyarsk residents near the monument to Chekhov on the bank of the Yenisey River. Speaking about his consultations with Yabloko leader Grigoriy Yavlinskiy, Yeltsin pointed out that he had offered to him the post of deputy prime minister in charge of economy. "Economy is exactly his sphere of action, but self-esteem does not let him accept it: he wants to be prime minister," the President said. According to Yeltsin, this is one of the terms on which Yavlinskiy agrees to withdraw from the presidential race and urge his supporters to vote for Yeltsin.

Russia: Yeltsin 'Not Entirely Satisfied' With Yavlinskiy Meeting

LD1705213796 Moscow INTERFAX in English 1742 GMT 17 May 96

[FBIS Transcribed Text] KRASNOYARSK, May 17 (Interfax) — Russian President Boris Yeltsin said on his arrival late Friday [17 May] night in Krasnoyarsk, a regional center in Eastern Siberia, that he was not entirely satisfied with his Thursday meeting with Yabloko movement leader and presidential candidate Grigoriy Yavlinskiy. Yeltsin said that in particular he was not satisfied with the "radical changes in the program (of reforms) and the global personnel changes" proposed by the Yabloko leader. He "wants to replace the entire team at once," Yeltsin said, adding that in his opinion Yavlinskiy "wants too much."

However, the possibility of continuing contacts with Yavlinskiy remains, Yeltsin said. "Maybe, we'll talk more. A new meeting is possible. We will try to find a common language somehow," he said, adding that however he "has no confidence that (we) will reach a final agreement."

Yeltsin also said he "does not understand why the State Duma has criticized the decree on passing over to contractual recruiting to the army" publicized on Thursday. "I do not understand what arguments it (the Duma) has. We have a concept for army reform. The decree gives an opportunity to specify the timing of this reform that should be sought," Yeltsin said.

"It is necessary to foresee funds in the 1997 budget necessary for forming a professional army by the year 2000," Yeltsin said. "The boys who are now 14 years old must know that they will not have to go to the army in 2000, that they will serve only on their own wishes, under contract," he said.

Yeltsin arrived in Krasnoyarsk at 8:00 p.m. Moscow time. On Saturday he will dedicate nearly the entire day to meetings with residents of this major industrial center in Siberia.

Russia: Yavlinskiy Letter Sets Out Terms for Yeltsin

MM1705153996 Moscow IZVESTIYA in Russian 18 May 96 p 2

[Feature comprising letter from Grigoriy Yavlinskiy to Russian President Boris Yeltsin, preceded by editorial introduction and followed by commentary by Stepan Kiselev: "Yavlinskiy's Terms Are Known. No Reaction Yet From the President"]

[FBIS Translated Text] [editorial introduction] Let us remind you that at the first meeting between the Russian Federation president and Grigoriy Yavlinskiy, which took place 12 days ago, when it came to the question of collaboration between these two politicians in the 1996 presidential elections, the "Yabloko" leader insisted on one essential condition: "A radical change of course is needed." And he went on to list the areas in which an adjustment of that kind must take place.

That meeting ended in a request from Boris Yeltsin to draw up a document for him containing concrete proposals on a change of political course. And then on

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16 May, during the two presidential candidates' second meeting, Grigoriy Yavlinskiy put before Boris Yeltsin a letter listing the terms on which, in his opinion, a political compromise is possible between the democratic opposition headed by him, and the "party of power."

"The president agreed with all the main provisions of this document," Grigoriy Yavlinskiy told journalists im after the meeting in the Kremlin. He also said that he has informed the president of his decision to make no secret of this document, and to make it public. And Boris Yeltsin did not object to that either.

Grigoriy Yavlinskiy made his letter to the president available to IZVESTIYA's correspondent.

[Yavlinskiy letter] Esteemed Boris Nikolayevich!

At our recent meeting you invited me to prepare my views and documents on the subject of the need for a substantial adjustment to the course of reforms in connection with the presidential elections.

As you well know, the real correlation of social forces and voters' sentiments in our country at present, a month before the presidential elections, is extremely shaky.

Neither you nor I have any guarantee of reaching the second round. I am also convinced that without the support of the democratic opposition, even if you reach the second round, you will lose to Mr. Zyuganov. Those are the circumstances which are tactically pushing the "party of power," of which you are leader, and the democratic opposition to that power (first and foremost the "Yabloko" movement), which I represent, to seek a solution. I wish to stress: not merely a short-term solution, but one that would ensure the development of democracy, a free economy, and a civil society.

As you know, we categorically disagree with the neo-nomenklatura policy of limited reforms of recent years. Its failures, which were only natural, provided a social base for the growth of the Communists' influence: Today for many people a return to the past looks like salvation from the present!

Consistent democrats and liberals are opponents of the "party of power" and, it goes without saying, the party of Communists. Without abandoning our convictions, we are nonetheless prepared to seek joint solutions, if you show exceptional wisdom and courage and acknowledge the need for a very considerable change of course. This would have far-reaching economic, political, and social consequences.

It would be a political COMPROMISE between two public forces whose interests clash and will continue to clash every day. However, these interests, through mutual necessity and good will, could be coordinated and reconciled.

What would society gain from such a decision, unprecedented in Russian history?

General stability, the preservation of the property rights that have already been established, and confidence that there will be no redistribution or persecution. And at the same time, real reforms for the majority. It is a question of the possibility of embarking — albeit in an undoubtedly difficult and tense collaboration with you, with the "party of power" — on the slow, albeit partial, implementation of concrete plans for extricating our society from the present ills and impasses.

The proposed principles, procedures, and guarantees are not negotiable, since they are dictated by considerations of principle which are binding for me (or for any other leader of the democratic opposition who might be in my place).

A two-party system of executive power, on equal terms, is proposed — for the sake of combining stability and continuity with dynamic democratic development.

In Russia's unique conditions this idea, however, requires substantial stipulations. Neither "Yabloko" nor the "party of power" (including "Russia Is Our Home") has yet developed into a "real" party. Rather, these are the designations of two real, but more or less amorphous and heterogeneous public forces, currents, and interests. A two-party system of executive power would mean, in this case, the distribution of powers and responsibility between its two centers and partnership relations between the president and the government. The legal conditions and guarantees for such collaboration are absent in Russia. Therefore, instead, one could rely on a decision that is completely open to society and widely publicized; on absolutely concrete terms that would accompany the decision beforehand; and on a rigorous public procedure for signing it.

I propose:

With a view to preventing the unconstitutional development of events and ensuring the peaceful conduct of the presidential elections in Russia;

for the sake of the speediest implementation of democratic reforms in the interests of the majority;

in the light of the existing economic and political realities;

we agree on the following:

the president of Russia elected for a new term shall pledge to strive for a substantial change in the political and socioeconomic course.

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The objective is to improve life on the basis of profound and irreversible reforms.

The general features of the new policy coincide in the main with **the election program of the democratic opposition**. They consist primarily in the following steps.

Section I

1. A real end to the war in Chechnya on the basis of the package of military agreements achieved in summer-fall 1995. The resumption of direct talks with the separatists, with observance of Russia's security interests and respect for the rights of the Chechen people to free expression of will. The institution of a fairly prolonged transitional period, with an agreed temporary de facto status for Chechnya; the holding of a referendum in the Chechen Republic on its state-legal status.

2. Within a month the president shall submit to the Federal Assembly a draft law on amendments and additions to the Russian Federation Constitution on the clear delimitation of the powers of the president and the government, the observance of the balance of powers, and the limitation of individual power.

Within a month the president shall make official statements to the effect that his most important priorities are human rights and the right of private ownership and free competition.

3. Amendments shall be submitted to the State Duma to the law on the federal budget, envisaging increasing the minimum wage by up to two-thirds of the subsistence minimum in the Russian Federation and bringing the wages of budget-sector workers substantially closer to average earnings in the national economy. The ring-fencing of wage funds shall be reintroduced. Nonpayment of wages through the fault of the federal budget shall not be permitted under any circumstances.

Before the end of 1996 Russian companies' debts to the federal budget shall be rescheduled, and a timetable for their repayment and a mechanism for indexing the amounts outstanding shall be worked out. At the same time, a timetable shall be introduced for the gradual revaluation of fixed capital, and a number of tax rates on enterprises in the fuel and energy sector shall be reduced, providing that the resources thereby released are used for investment in the development of Russian [energy] deposits and processing industry enterprises.

The operation of the law "On Agreements on the Division of Output" shall be legislatively supported and incentives provided for the speediest conclusion of corresponding agreements.

Before the end of 1996 the government shall develop and implement a number of measures to protect the Russian domestic market in accordance with World Trade Organization procedures, and an exchange-rate policy aimed at boosting exports shall be pursued. Moreover, a number of special measures to provide incentives for high-tech Russian production shall be developed and introduced, and comprehensive support for such production in international markets shall be provided.

The government, on the basis of the provisions of the YABLOKO public association's economic program, shall draw up and submit to the State Duma a draft law on the federal budget, a draft law on state structural policy, and a state privatization program for 1997 and subsequent years.

4. Within the next three months a decision shall be made to cut tax rates with a view to broadening the tax base. Small and medium-sized enterprises shall be exempted from a whole raft of taxes, a free and simplified registration procedure shall be introduced, and protection shall be provided for them against racketeering and extortion by state officials.

The main privatization priority shall be to ensure that enterprises are run efficiently and attract investment. Within six months the concessions and privileges enjoyed by the state apparatus shall be abolished, and spending on the upkeep of top officials shall be reduced.

5. Within a year a system of measures shall be implemented to decentralize and transfer powers from the center to the regions, primarily in spheres under joint jurisdiction.

6. The president shall put to the Russian Federation Federal Assembly amendments to the "Law on the Press," creating the conditions for the financial and economic independence of the press and establishing administrative and criminal liability for attempts in any form by organs of power to pressure the mass media.

7. With a view to fighting crime it is planned to:

— create a territorial police system with the transfer of material and budgetary resources and staff establishment to the local administration organs;

— form law enforcement structures independent of other government organs for the fight against organized crime and corruption in the state apparatus;

— introduce a fundamentally new system of material support for law enforcement agency workers;

— create a State Service for the Protection of Property and Contract Oversight.

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8. In order to strengthen the state's defense capability it is necessary to:

— free the army from participation in domestic policy as well as from all tasks not proper to it, enhance the role of the contract system, and, without delay, ensure full pay;

— maintain the officer corps, the defense industry, military science, and modern armaments;

— abolish the draft for students and limit the period of service for draftees to 1.5 years.

9. Relations within the CIS must take into account, from democratic Russia's viewpoint, the economic and political conditions of development of the other CIS countries;

— eliminate tension with Ukraine;

— in relations with the Baltic states, combine constructiveness with political support for the rights of the Russian-speaking population of these countries.

10. Russia's foreign policy must be based on our national interests and the desire to establish firm relations above all with countries with an open society on all continents.

Section II

Only new people can implement a new policy.

The nominee for the head of government is to be agreed by the two sides and submitted to the State Duma for ratification. If the nomination is rejected by the State Duma it is to be offered twice more. If the nomination is rejected three times by the State Duma the president, in accordance with Article 111 of the Russian Federation Constitution, is to dissolve the State Duma and set a date for elections.

The composition of the government is to be formed according to the premier's submission or with his consent. Figures from a broad political spectrum may also enter the government. All new policy, including in respect of personnel, shall be determined by the president in accordance with the existing Constitution. However, in accordance with the present document, the president shall undertake not to make any government or other important state appointments without the submission of or coordination with the chairman of the Council of Ministers. This applies to the appointment of all ministers including the power ministers.

A procedure is to be introduced for the compulsory signing of presidential edicts on questions of economic and defense policy by the chairman of the Russian Federation Government. Without the chairman of the government's signature the president does not sign edicts on these questions. The de facto broadening of the head of government's powers is a most important condition for the implementation of this agreement and one of its guarantees.

Section III

1. By 25 May 1996 the president is to accept the resignation of the prime minister, the first vice premier, the defense minister, the chief of the presidential staff, and other top officials directly responsible for political and economic failures and mistakes.

2. The signatories to this document shall have the opportunity to set out in detail in live radio and television broadcasts the motives, content, and aims of this document.

3. This document is to be published in the press.

4. The signing of the document shall take place live on television.

This public procedure will make it possible to enter into direct dialogue with the voters, convince them of the validity of the decisions adopted, and ensure the guarantee of their fulfillment as far as public opinion is concerned.

[signed] G.A. Yavlinskiy.

[Kiselev commentary] According to Grigoriy Yavlinskiy, the president read the letter very carefully, only occasionally commenting or clarifying certain of its provisions. It is unclear as yet what his "agreement with all the main provisions of this document" means or what conclusions the president will draw from his meeting with the leader of the "Yabloko" bloc. One way or another, Yavlinskiy's letter has already become a fact of history, and we should pay attention to the three principal arguments.

First, although the word "coalition" is not used once in the letter, it is clear this is the crux of it: Yavlinskiy proposes a specific model of coalition, insisting on a system of two-party government formed by the "party of power" and "Yabloko" on a parity basis. Moreover, if Grigoriy Yavlinskiy's proposals are put into effect the country will have two centers of power, embodied by the president and the prime minister, which will pursue a uniform policy in line with the election program of the democratic opposition (for which read "Yabloko"). It is conceded here that figures from a broad political spectrum may enter the government, but only if the specific candidates are agreed by the president and the prime minister. The fact that the posts of president and prime minister are shared between "Yabloko" and the

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Kremlin is, I hope, obvious. How they are shared is also, I think, clear.

Second, Yavlinskiy is clearly not put out by a certain piquancy in the situation: In proposing a coalition between the authorities and the opposition he is creating a highly paradoxical political structure. Such beasts are yet to be found in Russian politics. Incidentally, it is precisely because he is faced with the threat of the return of those who were here before — the Communists — that he is proposing his strange alliance. And this robs his opponents of their main argument: Zyuganov's victory in the presidential election depends solely on how Yavlinskiy conducts himself. The ball is now in the president's court. And the alliance with the democratic opposition and, accordingly, Russia's democratic future now depends solely on Yeltsin.

Third, Yavlinskiy's letter does not, in my view, contain a single point of principle with which liberal democrats like Yegor Gaydar, for example, or Boris Fedorov would disagree. Thus it could become the basis for the unification of the democrats, and Yavlinskiy will most likely insist on this development of events. So it will now be very difficult to accuse him of playing the role of "gravedigger of Russian democracy." And conversely, both the president and the democrats supporting him are faced with the threat of such an accusation.

How will events develop? We will obtain an answer to this question during the next week — Yavlinskiy is insisting on the resignation of Chernomyrdin, Soskovets, Grachev, and Yegorov by 25 May. Boris Yeltsin is in a difficult situation: He will hardly be able to accept Yavlinskiy's terms, but nor can he refuse the alliance with the "Yabloko" leader. Zyuganov is breathing down the president's neck.

Russia: Yavlinskiy Interviewed on Relations With Yeltsin

LD1905205396 Moscow Russian Television Network in Russian 1600 GMT 19 May 96

[From the "1959" program]

[FBIS Translated Text] [Correspondent Nikolay Svanidze] Political relations between Boris Yeltsin and Grigoriy Yavlinskiy were and, perhaps, are the main intrigue of the current stage of the presidential campaign. The latest events are as follows: Yeltsin said that Yavlinskiy demanded that he be given the post of prime minister, whereas yesterday Yavlinskiy denied these reports. Nevertheless, both in Krasnoyarsk and today in Omsk the president was quite optimistic about their cooperation.

Grigoriy Yavlinskiy is live in our studio today.

Grigoriy Alekseyevich, after all, did you or did not you demand the post of prime minister?

[Yavlinskiy] No, this does not correspond to reality.

[Svanidze] So why did the president say that? Did he see it in his dreams or was it his election-affected imagination running wild?

[Yavlinskiy] I do not know, perhaps it was his election-affected imagination.

[Svanidze] So he simply wished to believe that Grigoriy Yavlinskiy asked him for the post of prime minister?

[Yavlinskiy] The president knows very well that I told him I would not discuss that issue with him. Moreover, I told him that I was prepared to discuss someone else's candidature, but not my own.

[Svanidze] Whose?

[Yavlinskiy] Whoever he was going to suggest, we could have discussed it. The main thing was not who, the main thing was that it was not me. In addition, what we discussed with the president were dismissals rather than appointments. I believed and still believe that these dismissals are necessary to ensure that the situation in the country changes for the better. That is what I told the president.

[Svanidze] Grigoriy Alekseyevich, certain doubts arise here in the following aspects: First, why on earth did the president say that, where did he get the idea from? Second, your conditions put forward to the president — they were published in yesterday's IZVESTIYA under the title — Yavlinskiy's Conditions Revealed — and a whole section of the article, section two, is devoted to new and very seriously expanded powers of the prime minister. The prime minister cannot be dismissed without agreement between the two branches of authority. The prime minister can be appointed even if the State Duma is against that person, and for this purpose the Duma should be disbanded. The appointments of both economic and power ministers should be agreed with the prime minister. He is expected to approve both economic and power decrees, and so on. Who has all that been tailor-made for?

[Yavlinskiy] Nikolay Karlovich, in this case I am in a much more advantageous position than it may seem. Everything has been published in the press and so everything that you have misquoted just now citizens will be able themselves...

[Svanidze, interrupts] Why? It is here, section two, yesterday's IZVESTIYA of 18 May.

[Yavlinskiy] Exactly. Just a moment. Everybody will read it and will see what is written there. Second, what

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can I say? There have already been instances of the president being in a daze or other instances when the president got the facts wrong. So perhaps something has happened now too, and as a result he recounts the facts in such a way that they do not correspond to reality. The essence lies elsewhere today. Only a fifth part of the document is devoted to the post of prime minister. The rest, that is, four-fifths, are devoted to the issue of how the war in Chechnya should be stopped, how the economic situation should be put right...

[Svanidze, interrupts] Yes, absolutely correct...

[Yavlinskiy] Do not interrupt me please — how the economic situation should be corrected and crime problems solved. So that is what the document is about. I would like our electors to know who wants to halt the war and who does not, who wants to improve the economic situation and who does not, who wants real cadre changes and who does not.

[Svanidze] Grigoriy Alekseyevich, I have to interrupt you, however, because as you have correctly remarked, people can read the article, and we are not discussing your election platform now. I would simply like to clarify certain issues, and I am returning to the issue of prime minister, after all. I am repeating it: Did you draw up these serious new powers of the prime minister, included in your proposals, to suit yourself?

[Yavlinskiy] No, Nikolay Karlovich, I did not.

[Svanidze] So you, a pragmatical and experienced politician, drew them up to suit somebody else's uncle?

[Yavlinskiy] Yes, Nikolay Karlovich. I do not know about your uncle...

[Svanidze, interrupts] No, it is not my uncle, he is not a prime minister.

[Yavlinskiy] That is good. I drew them up not to suit myself or even your uncle, as we all know now, I drew them up for our country. That is the way it should be so that one single person should not have unlimited powers, otherwise a danger of war breaking out could arise again. That is why it was done. This is necessary in any situation, under any president, and any prime minister.

[Svanidze] Fine. Then I will ask you another question. What is the aim of your talks with the president, what are you seeking for yourself, after all? Those who have been watching your talks for a long time have quite a strange feeling. You resemble a couple dancing a romantic dance, a tango, shall we say, and you, Grigoriy Alekseyevich, seem to play the role of a seductive lady. You are like a lady who is alternatively clinging to her partner so that he is about to lose his head, as it were, and in the next moment you are moving away from him. It seems all the time that she is waiting for some interesting proposals from him. What interesting proposals is Yavlinskiy expecting of Yeltsin if, as you say, you do not need the post of prime minister? Or do you need it, after all?

[Yavlinskiy] Nikolay Karlovich, your comparisons stem from your feelings, of course. Well, please yourself. But the essence lies elsewhere.

[Svanidze] It is my southern origins that bring about such comparisons.

[Yavlinskiy] Perhaps, some of your experiences. But the essence is elsewhere. When people are speaking about the trade-off and the dance that you have just mentioned, they are speaking first of all about themselves. Time will tell easily that not everybody is capable of trading off, doing deals, or dancing as voluptuously as you have described. This will be clear soon. I do not demand anything for myself from President Yeltsin. President Yeltsin is a presidential candidate today, just like myself and in this sense we are equal. I do not ask anything at all of him. Of course, if he took at least some steps of those that were suggested to him, three soldiers less will die in Chechnya tomorrow.

[Svanidze] Well, could you say then if there are any conditions on which you could agree? Or are you going to give him ultimatums? It is common knowledge that the president does not accept ultimatums.

[Yavlinskiy] Well, I am not giving him ultimatums.

[Svanidze] But what else is it — to fire Ivanov, Petrov, or Sidorov by the 25th [month not specified]? Do you expect him to rush to fire them and report back to you?

[Yavlinskiy] It is his job. If he chooses to do so, let him, if he does not, let him not do it, but this is not related to my appointment as prime minister and this is not related to me withdrawing my candidature. This is something that must be done for the country. If he wants he may do this, if not, he does not need to. He did not do anything what was needed before...

[Svanidze, interrupts] Thank you, Grigoriy Alekseyevich, for visiting us today.

Russia: Zyuganov Campaigns in Sverdlovsk Oblast

MK1705122096 Moscow SEGODNYA in Russian 17 May 96 p 2

[Report by Gleb Cherkasov: "Gennadiy Zyuganov Visits Boris Yeltsin's Home Town"]

[FBIS Translated Text] Gennadiy Zyuganov's visit to Yekaterinburg yesterday began with a meeting between

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the opposition leader and Sverdlovsk Governor Eduard Rossel. Except for the time reserved for formulaic television shots, the discussion between Messrs. Zyuganov and Rossel proceeded behind closed doors. According to information from trustworthy sources, the discussion was mostly in the nature of a monologue. The solo speaker was Eduard Rossel, who briefed Gennadiy Zyuganov on the state of affairs in Sverdlovsk Oblast. Upon completion of the meeting, Mr. Rossel told journalists that Gennadiy Zyuganov had refrained from outlining his election platform. The Sverdlovsk [Oblast] governor, however, had read it and thought it a "Stone Age" work. Eduard Rossel also voiced his fear that if Gennadiy Zyuganov were elected president, the CPRF [Communist Party of the Russian Federation] leader would be controlled by those "who stand behind him."

Having talked with the governor, the leader of the opposition got right down to campaigning. He elected as his first stop the Ural Polytechnical Institute — Boris Yeltsin is an alumnus. First off, Gennadiy Zyuganov griped that nowadays students cannot live normally, study and rest on their grant. Chiding the present times, the opposition leader recalled that on his grant as a university student he used to vacation in the Crimea together with a friend. Mr. Zyuganov's speech was basically replete with a description of the misfortunes that befell Russia as a result of Boris Yeltsin's activity, as well as references to historical facts and his own experience as a scholar (the opposition leader announced that he had published 150 scientific works). Speaking after him, People's Artist Tatyana Petrova urged the students to cast their votes for Gennadiy Zyuganov and sang them a Russian folk song. Sadly, the singing number was punctuated by the banging of fold-down seats as some of the students headed for the exit. One of them — a radical, perhaps — shouted "loony bin."

Gennadiy Zyuganov told a press conference he was satisfied with his tour of four regions in Russia and with his meetings with the voters. He noted that even those set against him wanted to understand what was happening. The opposition leader announced that he had yet to visit the biggest regions of Russia. Mr. Zyuganov revealed that he has about 100 campaign managers who will help him, and who are helping him, with his campaign: "Gennadiy Seleznev, for one, took a plane to Yakutia." (According to SEGODNYA's information, Seleznev went to Yakutia as State Duma Chairman.) Presidential candidate Aman Tuleyev, who was sitting on Gennadiy Zyuganov's right, also intends to campaign — not for himself though, but for the opposition leader. Mr. Tuleyev intends, first of all, to appeal to miners and workers generally of the mining sectors, to staffers of the law enforcement bodies, and to families of mixed nationality. In explaining why his campaign trail coincided with that of Gennadiy Zyuganov, Aman Tuleyev said that it had become necessary for them to compare notes and make some corrections.

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CIS: ITAR-TASS Carries Press Review for 18 May

LD1805071896 Moscow ITAR-TASS in English 0451 GMT 18 May 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW May 18 (Itar-Tass) — Rossiyskiye Vesti frontpages President Yeltsin's answers to questions of electors, in which he stressed that the chief task of the President is "to preserve the great and abundant Russia, to take care of its people and to maintain order in the country." "I cannot forgive myself the feeling of helplesness over the fact that the President, the top official in the country who has enormous power, is still unable to feed all at once, to immediately provide with housing all those who need it, to save children dying of cancer, to stop the hand of a bandit and not to let the bullet of a terrorism hit one of our soldiers," Yeltsin said.

Writing about a regular meeting of the CIS Council of Heads of State, the newspaper points out that the unanimous support for Yeltsin's candidature at the forthcoming presidential elections in Russia was the main result of the meeting. In this connection the heads of state adopted a statememt on supporting democratic processes in Russia.

Krasnaya Zvezda highlights the presidential decree outlining new prospects for the Russian Armed Forces. Under the decree, soldiers, called up to military service, will be sent to fulfil tasks in conditions of armed conflicts and to take part in combat operations only on a voluntary basis (under contract). The newspaper points out that Aleksey Maresiyev has been awarded the order "For Service to Fatherland" of the third degree for his outstanding services to the country and for his personal contribution to the education of the younger generation in the spirit of patriotism in accordance with the May 16 Decree of the Russian President.

Rossiyskaya Gazeta stresses on the front page that President Yeltsin's decrees published today "restores justice, puts the rouble into world orbit and gives an impetus to reforms in the army." The newspaper writes that between July 1 and December 31 limits for the changing of the official exchange rate of the rouble will be established on the inter-bank and stock-exchange currency markets: between 5,000 and 5,600 roubles for one U.S. dollar for July 1 and between 5,500 and 6,100 roubles for dollar for December 31, this year.

Nezavisimaya Gazeta carries an article entitled "Eleven Candidates Have Free Broadcasting Time," which says that five presidential hopefuls —Aleksandr Lebed, Mikhail Gorbachev, Gennadiy Zyuganov, Yuriy Vlasov and Martin Shakkum — spoke on radio and TV on those terms during the first day. According to the newspaper, "Yuriy Vlasov's speech was the most consistent, not differing much from previous statements. He cited too many quotations, however. The words of Theodor Roosevelt made up about half of his speech. They sounded quite correct, but a bit strange in comparison's with Vlasov's words about Warren Christopher and staff members of the Liberty radio broadcasting station."

Izvestiya highlights President Yeltsin's decree "On the transition to recruiting soldiers and warrant officers of the Armed Forces and other forces of the Russian Federation on a professional basis." It puts an end to mandatory call-up for active military service and introduces the formation of the army and the navy, as well as other armed units, on a voluntary contract basis.

Writing about the regular meeting on Friday of the CIS Council of Heads of State, the newspaper points out that the presidents of the CIS member states were unanimous on one issue only: they supported unanimously democratic processes in Russia. "On all other issues participants in the summit showed 'narrow approaches.' This was the result both of the conflicting interests with regard to some problems and of the fact that the integration processes in CIS evoke amiguous feelings."

Komsomolskaya Pravda comments on the second meeting of President Yeltsin and Grigoriy Yavlinskiy, which lasted two hours, stressing Yeltsin's consent to make changes in the Constitution and give up part of his authority of the president in favour of the government and the parliament.

Sovetskaya Rossiya writes about the discontent of workers of the Likhachev Automobile Works over the fact that deputies to the State Duma representing the Communist Party of the Russian Federation came to the works for no more than an hour and a half. Their meetings showed that "it is extremely difficult for people to live without receiving wages for months, without social benefits to which they got accustomes, without confidence in the morrow."

Pravda highlights the 50th anniversary of the rocket and space industry of Russia, due to be observed this year, as well as the beginning of activities, connected with the 90th birth anniversary of Sergey Korolev, chief designer of the first rocket and space systems.

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CIS: CIS Leaders Voice Support for Yeltsin

LD1705151096 Moscow Mayak Radio Network in Russian 1205 GMT 17 May 96

[Passages within quotation marks recorded]

[FBIS Translated Text] On the eve of the Russian elections, the CIS leaders felt it necessary to make a joint statement. Here is what Kazakh President Nursultan Nazarbayev said:

[Nazarbayev] "Those who are inviting us to go back into the glorious yesterday can only lead us into another dead end and to the ruins of what we thought was a model of a just social order, but did not stand against a clash with the realities of life."

Speaking after that, Ukrainian President Leonid Kuchma stressed:

[Kuchma] "We understand that abrupt political changes in the Russian Federation would inevitably lead to changes in other CIS countries. Ukraine hopes that the reforms started in Russia will be continued under the leadership of those who initiated them."

Moldova President Mircea Snegur also spoke in support of the Russian president:

[Snegur] "By adopting this statement we support not just the democratic and economic reforms in Russia, we also support the candidate for the president of the Russian Federation, Boris Nikolayevich Yeltsin. We know the fundamental positions adopted by Boris Nikolayevich regarding reforms as well as the possibility of communists coming to power, which would lead to return to the past."

Uzbek President Islam Karimov pointed to the following:

[Karimov] "We believe the good relations that have developed on territory of the former Soviet Union are, first of all, the result of Russia's wise policy and its leadership. The balance and mutual respect between the sovereign states exist mainly because Russia continues to maintain this policy."

And this is what the Georgian President Eduard Shevardnadze was saying at the sitting in the Kremlin:

[Shevardnadze] "We must not forget that the green shoots of democracy, new economic order, and integration processes in our countries are still very fragile. There are still conflicts that remain unsettled, and the territorial integrity of some states has not yet been restored, including that of Georgia. In such a situation, any abrupt swings or, even more so, any possible shocks in Russia can have a damaging effect on our countries' development."

Tajikistan President Emomali Rakhmanov praised Russia's role in safeguarding peace:

[Rakhmanov] "The Tajik people remember very well the contribution Boris Nikolayevich made toward stabilization of the situation in Tajikistan. It is thanks to Boris Nikolayevich's initiative that the intra-Tajik negotiation process has began, thus laying the foundations for the halting of the civil war in Tajikistan. Great Russia is a guarantor of stability and peace not just in Tajikistan and the CIS countries but in the whole world."

Speaking about the friendship between the Belarusian and Russian people, Belarusian President Alyaksandr Lukashenka said:

[Lukashenka] "We have closely linked our future and the future of our people to those of the Russian people and the Russian Federation. We made this step together with the current president, who, in a field of big politics, is now defending the right to govern his state. Today we are adopting a statement. Some might see this as intervening in the present situation in the Russian Federation. It is nothing of a kind. We are making it clear straight away that the Russian people will make up their own mind in this situation and elect the man whom they must elect."

Armenian President Levon Ter-Petrosyan voiced his concerns:

[Ter-Petrosyan] "The CIS countries united around democratic Russia. I doubt that they would unite around a communist Russia. I have no doubts that the communist victory in Russia will inevitably lead to disintegration of the CIS. In other words, they dream of restoring the Soviet Union but, as usual, what they will get is the opposite. They will demolish and destroy the CIS. We say 'yes' to a democratic Russia, but the path of a communist Russia is not for us."

And this is what Azerbaijan President Geydar Aliyev said:

[Aliyev] "The acquisition of state independence and sovereignty by the former republics of the Soviet Union was a historic event and would be treasured by every people who are getting their freedom and independence. This is why our aim; our task is to protect and preserve all this. We, in Azerbaijan, do support and will continue to support the policy toward democracy and reforms, the policy being implemented by Boris Nikolayevich Yeltsin."

Speaking about the new nature of relations between the CIS countries, Turkmen President Saparmurad Niyazov said:

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[Niyazov] "Under this completely new approach and with the Russian leadership's support, Turkmenistan received the status of a neutral state within the United Nations. Can this be described as imperial ambitions? This is a totally different approach on Russia's part toward the independent states, toward each of us."

Kyrgyz President Askar Akayev concluded the serious talk on the relations between the independent states:

[Akayev] "I think it will be appropriate to quote from an historic simile. Petr Arkadyevich Stolypin, one of Russia's great reformers, said 90 years ago: 'You need a great trouble, we need a great Russia.' Today we also see two forces in Russia — one that wants a great trouble and another that wants and strives to revive the great Russia. We are convinced that the Russian people will make a wise choice and thus ensure 10 years of peace in which to achieve the success of the economic reforms and democratic transformation and to deepening the integration processes within the CIS, which today are connected to the name of the first president of the Russian Federation, Boris Nikolayevich Yeltsin, the first Russian leader to receive power from the hands of the Russian people."

At the end of the plenary sitting of the council of the CIS heads of state, journalists were invited for a news conference. We shall tell you about it later.

CIS: Ukraine Refuses To Sign Some Moscow CIS Summit Documents

LD1705155496 Moscow INTERFAX in English 1540 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax-Ukraine) — The Ukrainian delegation at the Commonwealth of Independent States summit in Moscow did not sign some of the documents, since they contradicted Ukrainian law and the basic principles of Kiev's foreign policy, Ukrainian Foreign Minister Hennadiy Udovenko told journalists Friday.

In particular, Ukraine did not sign an agreement on the council of CIS interior ministers because Ukraine is not a member of the council, said Udovenko.

In addition, the Ukrainian delegation did not sign documents on border issues. "Ukraine has a special position — we do not accept the concept of external borders of the CIS," he said.

Udovenko said Kiev signed, albeit with reservations, a resolution on a medal dedicated to the 300th anniversary of the Russian fleet. "Awarding this medal is a right held by the Russian president," he said.

During his stay in the Kremlin Ukrainian President Leonid Kuchma held short meetings with virtually all of the CIS leaders, including Russian President Boris Yeltsin, Udovenko said.

CIS: Russia, Georgia Disagree on Peacekeeper Mandate in Abkhazia

LD1605173096 Moscow INTERFAX in English 1648 GMT 16 May 96

[FBIS Transcribed Text] MOSCOW, May 16 (Interfax) — A meeting of the CIS Council of Foreign Ministers failed to reconcile the Russian and Georgian draft documents on the mandate of collective peacekeeping forces in Abkhazia. As a result, it was decided to prolong the term of the present mandate until July 19, 1996, Gen. Viktor Samsonov, chief of staff for coordination of CIS military cooperation, told INTERFAX in Moscow Thursday [16 May].

He said the Russian and Georgian positions must be reconciled until July 19 in order to approve a single variant satisfying all sides.

According to Samsonov, the Russian side objects to the territorial expansion of the peacekeepers' mandate and granting them new enforcement powers, as proposed by Georgia. "It would contradict the previous mandate approved together with Abkhazia," he said.

He pointed to the fact that the decision to prolong the current mandate for two months was proposed by Georgian Foreign Minister Irakli Menagharishvili. "The decision is final and it will not be put up for discussion at the CIS Council of Heads of State, which will hold its session in Moscow Friday," said Samsonov.

He also said that the CIS Council of Foreign Ministers on the whole approved a draft statement on prospects for integration in 1996-1997, which will be put on the CIS summit agenda.

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Russia: Defense Ministry Ignores Norway Conference on NATO

LD2005054396 Moscow Radiostantsiya Ekho Moskvy in Russian 0500 GMT 20 May 96

[FBIS Translated Text] A two-day conference of defense ministers from North European countries is to open in Norway today. The Russian defense minister has been invited to attend it. ITAR-TASS has reported, however, that not only will Grachev, who earlier refused to go there, not be there, but also none of his deputies will be going to Norway. The main issue on the agenda of the forthcoming meeting is NATO's expansion.

Russia: West Will Insist on CFE Flank, Trans-Urals Inspections

MM1705122596 Moscow IZVESTIYA in Russian 17 May 96 p 3

[Report by Yevgeniy Bovkun: "The West Suspects that Russia Is Hiding Unlisted Tanks in Siberia"]

[FBIS Translated Text] Bonn — When the Soviet Union collapsed it did not leave a will, certainly not with regard to weapons. In Vienna the experts who are going to spend two weeks verifying the fulfillment of the CFE Treaty also intend to discuss the question of the state of the Soviet military legacy.

Bonn political circles have learned, however, that Russia is trying to build restrictions on NATO's eastward expansion into the mechanism of the Vienna talks. The reaction to that here has been quite bitter. Germany's representatives are unwilling to discuss the problem and consequences of NATO expansion at the conference because it is still not known precisely which country will be admitted to the North Atlantic Alliance or when. Generally speaking the Bonn Foreign Ministry believes that this matter is not directly related to the verification of the CFE treaty.

The treaty initially had a group structure because the member countries belonged to different military blocs. Then that division disappeared. The Central and East European states left the eastern group so as to distance themselves from Russia. Bonn is now convinced that Moscow is trying to "equate" the status of the still-functioning Western group with the status of the defunct Eastern group. Germany and its allies will oppose this resolutely.

At this point the discussion will turn to the military legacy of the USSR. Although Russia is observing the common ceilings on the quantity of conventional arms deployed it is "breaching" the regional limits, particularly on the southern flank of the former Soviet Union. Its armed forces have tanks and artillery in the now independent states of Armenia, Georgia, and Moldova, according to Western experts' information.

In November 1995 the 30 member states agreed to reduce the amount of arms on the flanks. In accordance with this, Russia must present exact data on its armed forces deployed there, permit more inspections, and recognize the new ceilings for these regions.

Germany wants to persuade Russia to give a commitment to stop trying to avoid destroying the weapons systems withdrawn from the former GDR to the other side of the Urals. The USSR originally promised to eliminate 14,500 of the 60,000 illegally "concealed" weapons systems and to stop transferring the rest to Europe. But Moscow is now saying that the bulk of these weapons have not survived Siberia's grim climate and cannot function anyway.

The experts in Vienna will insist that Russia present these "rusty" and "unserviceable" armaments to the Western observers. Lest some arms dump chief should try to ship out some of his stock as "scrap metal."

Russia: Diplomat Seeks To Reassure U.S. on Grachev Trip

LD2005104896 Moscow INTERFAX in English 0747 GMT 20 May 96

[FBIS Transcribed Text] MEXICO, May 20 (Interfax) — The official visits of Russian Foreign Minister Yevgeniy Primakov to Mexico, Cuba and Venezuela should not be viewed as an attempt to "put a thorn in the United States' soft belly," a high-ranking diplomat accompanying the minister told Interfax.

Moscow understands that this trip, especially the visit to Cuba, may provoke "a certain amount of discontent of Washington," said the diplomat, but he does not think "the reaction will be more than that."

"Americans have travelled through the Commonwealth member-states, why should not we do the same?" said the diplomat.

He described as "a mere coincidence" the fact the visit is taking place on the eve of presidential elections in Russia, but did not deny Russian President Boris Yeltsin and Cuban leader Fidel Castro, to be met by Primakov, "have long-standing close relations."

Commenting on current relations with Cuba, which Primakov will visit from Tuesday until Thursday, the Foreign Ministry staffer stressed, "they no longer have the former ideological touch" but are based on mutual economic benefits. "We do not plan to leave Cuba, whose debt to the former Soviet Union is 20 billion

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transferable foreign currency rubles, about $30 billion," he said.

As for the Russian radar station in Cuba, "it will go on functioning," stressed the diplomat. "This station is a major element of stability to help observe the fulfillment of treaties, including START-1. Our American colleagues agree with this."

The diplomat said that in Cuba it is planned to sign only one document — a program on cultural, scientific and technical cooperation. He, however, does not exclude the possibility that the sides may sign a certain declaration which, he said, "will undoubtedly have resonance."

Russia: TV Questions Moscow's Role in Iran's Arms to Bosnia

LD1905200896 Moscow Russian Television Network in Russian 1020 GMT 18 May 96

[From the "De Facto" program]

[FBIS Translated Text] [Voiceover] The terrorists were armed with sniper rifles, assault rifles, and grenade-launchers. They had plastic explosives. They secretly penetrated the neighboring state's territory in order to assassinate a personal enemy of their country's president, but were arrested. Their frank testimony during interrogation led to a major international scandal.

[Caption: What do intelligence people teach one another?]

[Mlechin] Good day. I am Leonid Mlechin and this is the "De Facto" program. We will tell you a story in which there is a great deal that is unknown and unclear. Is it really the case that the Islamic Republic of Iran supplied combatant Bosnia with arms in violation of the international embargo all these years? Is it really the case that Iranian intelligence-gathering people gained a base on the territory of Bosnia and that they are training terrorist groups there?

It is altogether unclear whether the United States knew anything about it and, if it did, what precisely it did know and why it was silent. It is, likewise, unclear whether Moscow knew about it and whether it tried to do anything. It is possible that we will never get precise answers to all these questions, but we did succeed in clearing up a thing or two.

[Voiceover] Croatia's special services discovered on their territory a terrorist group from neighboring friendly Bosnia. The terrorists, who were arrested, told their interrogators that they were working for the Bosnian Government and that they had been trained by Iranian instructors. They admitted that they had been sent to assassinate the Bosnian president's personal enemy who had fled the country. They also said that Iranians had trained many such combat groups in Bosnia and that they had invited several dozen Bosnians to train for subversive operations in their own country, Iran. Their training is taking place within the framework of a secret agreement on military cooperation, signed by Iran and Bosnia in December last year. Some reports say that approximately 200 Iranians from the Islamic Revolution Guards Corps are deployed on the territory of Bosnia. It has only now become known that during the recent war in Bosnia it was precisely Iran that supplied arms to the Bosnian Moslems to fight the Serbs. It was not without Iran's assistance that the Moslems avoided a defeat. It was a violation of the international embargo, which banned arms deliveries to the combatants in Bosnia. However, all those who found out about it chose to stay silent.

Croatia did not mind, because it kept a third of the arms from Iran for itself. The United States did not mind, because it thought that Bosnia would otherwise lose the war with the Serbs. Two years ago, President Bill Clinton took a secret decision not to hamper Iranians in Bosnia. Clinton is now being severely criticized for the fact that he allowed Iran to supply arms to Bosnian Moslems. As a result, Iran got what it wanted: a base in Europe. As for Iranian special services, they were able to gain a legitimate foothold in Bosnia.

Whether or not Russia knew anything about Iranian deliveries is unclear. If Russia did know about them, did it try to stop them?

Russia's heart was on the Serb side during the recent war in Bosnia. The most likely scenario is that Moscow had no wish to pick a quarrel with Iran. According to the Western press, Yevgeniy Primakov, while still head of Russian intelligence, made several trips to Tehran and organized cooperation with Iranian special services.

Specialists maintain that Iranian intelligence people were promised new special equipment — including eavesdropping equipment — and assistance in training to learn modern methods. Russia allegedly got Iran's promise in exchange not to interfere in the affairs of former Soviet republics and not to meddle in the Chechen war.

It is not a simple matter at all to come to terms with such countries as the Islamic Republic of Iran. It is a more complicated task than the establishment of partner-like relations with the West. One must know these countries well, one must understand what they are about, one must know how to talk to their leaders and how to attain one's own goals. [Video shows soldiers in a wood, three military men inspecting white-clad soldiers wearing green headbands, small

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missile weapons, snipers shooting at people in a city, truck-mounted Katyusha-type rockets firing, Warren Christopher, a tank emerging from woods, soldiers running along a road and entering a farm, cityscape from Tehran and Moscow, Boris Yeltsin and Oleg Soskovets, more war scenes, and cityscape from Tehran]

Russia: Grachev Meets Chinese Military Delegation, CGS Fu

MM1705121496 Moscow NTV in Russian 1500 GMT 6 May 96

[From the "Segodnya" program: Video report on Chinese military delegation talks with Defense Minister Grachev, CGS Kolesnikov by Fedor Tavrovskiy]

[FBIS Translated Text] [Tavrovskiy] Russian Federation Defense Minister Pavel Grachev met with General Fu Quanyou, chief of the General Staff of the Chinese People's Liberation Army, in Moscow today.

[Grachev] Unquestionably, Russian-Chinese relations are entering a new stage, one of strategic partnership.

[Tavrovskiy over video of Fu Quanyou addressing meeting] In a reply speech General Fu noted that China and Russia are two great countries linked by shared mountains and rivers, countries whose soldiers were comrades in arms during World War II.

Both sides expressed confidence that the agreement on confidence-building measures in the border area, signed by Boris Yeltsin during his visit to China, will promote global and regional stability.

Much more specific issues were discussed between the Chinese delegation and Pavel Grachev and Mikhail Kolesnikov, chief of the Russian Army General Staff, behind closed doors.

The foremost among these is the problem of the withdrawal of troops from the 100-km zone adjoining the border. After all, our main grouping in the Far East is concentrated there, with all its supply lines, communications, and secret installations. Meanwhile China's main forces were pulled 200-300 km away from the border back during the Cultural Revolution.

The second most important question is military-technical cooperation. The Chinese People's Liberation Army is currently the Russian military-industrial complex' main client, accounting for more than one-third of its exports last year, including the Su-27 aircraft, the Varshavyanka submarine, armored equipment, and night-sight instruments.

Clearly, as it sells the arms, Russia is again taking on the training of Chinese military specialists. It was no accident that Colonel General Fu Quanyou visited the Naval Academy in St. Petersburg and the [cosmonaut] training center in Volgograd.

Although the rapprochement between Moscow and Beijing is proceeding very rapidly, both sides are constantly assuring the world community that strategic partnership does not mean the formation of a Russian-Chinese alliance, and that while selling arms, Russia is mindful not to disrupt the balance of forces in the region.

Fedor Tavrovskiy, Aleksandr Savonin reporting for NTV from the Ministry of Defense. [video shows Grachev and Fu shaking hands, addressing meeting, map of Russian-Chinese border area, border fences, borderguard with dog, archive footage of submarine in shipyard, more footage of meeting, closeups of participants, MOD corridor, Tavrovskiy outside MOD building]

Russia: Yeltsin Wants 'Full-Scale Political Visit' to Ukraine

LD1705203596 Moscow INTERFAX in English 1837 GMT 17 May 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Speaking at a news conference at the end of the summit Friday [17 May], Russian President Boris Yeltsin has reaffirmed the key condition for his official visit to Ukraine is final coordination of bilateral documents, including the one on the Black Sea fleet.

"I do not want an excursion to Kiev, I have been to Ukraine more than once. I am not interested in excursions, I want a full-scale political visit to result in signing a comprehensive bilateral treaty which has not been prepared."

He voiced hope that his meeting with Ukrainian President Leonid Kuchma, who came to Moscow to attend the summit, "will result in a final agreement."

"One issue is left from dozens of items," said the president. If the agreement is reached, Yeltsin is ready "to immediately go to Kiev."

Yeltsin also spoke in favour of resuming Russia's mediation in talks between Moldova and Transdnestria on a settlement. He reported to have discussed this issue at a meeting with Moldova's President Mircea Snegur on May 16. "As lull has set in, Russia's Foreign Ministry should step up its activity as it has done in Georgia, Abkhazia, and elsewhere," Yeltsin said.

He reiterated Russia's respect for the territorial integrity of any state, Moldova included. "As for Transdnestria's status, let Cishinau and Tiraspol discuss it," Yeltsin said.

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Speaking at the news conference, Georgia's President Eduard Shevardnadze confirmed that the peace-keepers' mandate in Abkhazia would be extended for another two months.

CIS leaders also decided "to continue work on the peace-keepers' mandate," Shevardnadze said, adding that "two months will be enough to complete this work."

Asked about the prospects of a settlement in Karabakh, Azerbaijani President Geydar Aliyev said his country "is ready to give Karabakh the broadest autonomy status known to international lawyers."

Armenian President Levon Ter-Petrosyan, for his part, declared that "any solution to the problem, suiting Karabakh, will suit Armenia, too."

Russia: Yeltsin To Hold Meetings With Baltic Presidents

LD1705123296 Moscow INTERFAX in English 1223 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax) — Russian President Boris Yeltsin intends to hold meetings with the heads of the Baltic states to agree on further steps in the development of cooperation, bearing in mind that there is a large Russian diaspora in those countries.

The CIS "is prepared to admit any other country and we would be pleased if the Baltic countries joined us," he said. "We have at length overcome the state of shock and are now establishing contacts with them," Yeltsin said in Moscow Friday at a news conference at the end of a CIS summit.

Answering a question asked by a Bulgarian journalist, Yeltsin said that no formal invitation was sent to Bulgaria. "But if any other country joins the CIS rather than NATO, we will be happy," he said. Yeltsin made it clear that inviting these countries would not be ethical and so it is up to them to apply for admission.

Russia: Foreign Ministry: Spy Incident With UK 'Considered Closed'

LD1805071296 Moscow INTERFAX in English 0652 GMT 18 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax) — Moscow considers closed the incident, connected with the arrest of a Russian national, charged with spying for Britain. That was how a top Russian Foreign Ministry official commented for Interfax late Friday night on the decision to expel from Russia four British Embassy officials, who, according to Russian special services, had been in contact with the Russian.

In retaliation, Britain has declared four Russian diplomats "persona non grata," the source said, recalling that initially Moscow planned to send out nine British diplomats for activities, incompatible with their diplomatic status.

"It has taken more than a week of consultations to reach the compromise," the source said, noting that if Russia would have insisted on the expulsion of nine Britons, nine Russians would have been told to leave London.

"In such cases, the principle of parity applies," the source explained, adding that for the numerically small Russian Embassy staff in Britain that would have been "quite a blow."

The source made it clear that the compromise had been reached at top level, and "at yesterday's meeting in Moscow between Russia's Foreign Minister Sergey Krylov and Britain's Ambassador to Russia Andrew Wood, the affair was settled once and for all," the source said.

The diplomat asked not to dramatize the occurrence since "something like this happens between friends, too."

"Moscow proceeds from the assumption that the incident will not affect dynamically growing partnership with Britain. As we realize, London holds similar views," the source stressed.

Meanwhile, a senior British Embassy official declared in an interview with Interfax Friday that the Embassy had received an instruction from London not to comment on the expulsions of British diplomats from Russia and Russian diplomats from Britain. She said that all comments on this score will come from the Foreign Office.

Russia: Foreign Ministry Criticizes Removal of Bosnian Serb Premier

LD1705145396 Moscow INTERFAX in English 1438 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax) — The attempt to remove Bosnian Serb Prime Minister Rajko Kasagic may only aggravate the peace process in Bosnia and destabilize the situation, which is fraught with negative consequences for the Serbs in the first place, the Russian Foreign Ministry said in a statement forwarded to Interfax Friday.

The implementation of the Paris peace treaty on Bosnia has entered the crucial phase, the document reads.

In this situation, "the extent of responsibility of all politicians in Bosnia-Herzegovina, who are to realize

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their duty before their peoples and the world community, sharply grows.

"Naturally, all of the above can be applied to Republika Srpska as well, where the situation cannot but cause concern," the Russian Foreign Ministry said.

Bosnian Serb leader Radovan Karadzic replaced Kasagic as prime minister and chief negotiator with IFOR [Implementation Force] by Foreign Minister Aleksa Buha earlier this week.

U.N. and E.U. High Envoy for Bosnia Carl Bildt harshly criticized this step as well.

Russia: Aide's Remarks on Karadzic Seen Heralding 'Major Changes'

MM1705131096 Moscow IZVESTIYA in Russian 17 May 96 p 3

[Article by Maksim Yusin: "Moscow Withdraws Support for Karadzic"]

[FBIS Translated Text] In an interview for INTERFAX, Russian First Deputy Foreign Minister Igor Ivanov made a surprise statement which gives grounds for thinking that Moscow is planning major changes in its Balkan policy.

Ivanov, who is responsible for the Yugoslav department at the Foreign Ministry, actually spoke out against the participation of Radovan Karadzic, Ratko Mladic, and other Bosnian Serb leaders accused of war crimes in the forthcoming elections.

"Under the Dayton peace accords individuals who have been accused by the International Tribunal cannot take part in the elections or hold the corresponding official posts. All the sides in the conflict have committed themselves to cooperate with the International Tribunal," the first deputy minister stated.

It did not escape the notice of observers that just two months ago Ivanov said the complete opposite, trying to demonstrate that the Serb leaders cannot be banned from participating in the elections until they have been tried and found guilty.

Moscow's support for Karadzic, which was made plain during Andrey Kozyrev's last year as [foreign] minister, was all the more unnatural given that even Belgrade distanced itself from the Bosnian Serb leader. Serbian President Slobodan Milosevic, who considers Karadzic his main political rival, will hardly object if the latter is eliminated from the elections. As for the West, it regarded the Kremlin's flirting with extremist Bosnian Serb leaders as a dangerous manifestation of imperial ambitions and a concession to the nationalists.

Russian diplomacy seems to be gradually moving away from its old course, which should facilitate dialogue with the other "contact group" members.

At the end of the month [Foreign Minister] Yevgeniy Primakov is due to begin a diplomatic marathon devoted substantially to the Balkan question. On 29 May the Foreign Minister will meet in Rome with the foreign ministers of the European "troika" after which he will fly on to Belgrade for talks with the Yugoslav leaders. And then on 3-4 June Primakov will take part in the next session of the "contact group" in Berlin.

Russia: Russia Denies Bombing Tajik Opposition Strongholds

LD2005104696 Moscow ITAR-TASS in English 1016 GMT 20 May 96

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW May 20 (Itar-Tass) — Russia denied Tajik opposition claims that it had air raided opposition-controlled villages in Tajikistan and Afghanistan and said it did not interfere into the conflict between the Tajik government and Islamic opposition.

"Russian combat aircraft did not raid populated localities, controlled by the opposition, in Tajikistan or villages in border areas of Afghanistan", a spokesman of the Russian Air Force told Tass on Monday.

"The Russian Air Force does not interfere into the internal affairs of the sovereign state of Tajikistan", the spokesman told Tass adding that the statement of Tajik opposition deputy leader Hoji Akbar Turajonzoda about the alleged raids "did not correspond to reality".

Turajonzoda told Tass in Tehran on Sunday that Russian aircraft had bombed opposition-controlled Tajik villages which resulted "in a practically complete elimination of the village of Adilabad", as well as some border settlements in Afghanistan.

Russia: Migration From CIS to Russia Continues Unabated

LD1705200196 Moscow ITAR-TASS in English 1843 GMT 17 May 96

[Liliya Kuznetsova]

[FBIS Transcribed Text] MOSCOW, May 17 (Itar-Tass) — The Russian Federal Migration Service (FMS) has registered in Russia over one million of refugees and displaced people from the newly independent states.

FMS spokesman Andrey Sarychev told Itar-Tass that the exact figure is 1,062.997 persons.

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He said the statistics indicate that the influx of migrants is not decreasing. Some 270,000 people came to Russia for permanent residence in 1995 alone.

The migration service has entered on its files 45,596 refugees and displaced people since the start of this year.

Most of emigration is from Kazakhstan which accounts for over a third of the total number of migrants. Some 15 per cent of people come from Uzbekistan and ten per cent from Tajikistan.

Migration is also active from Azerbaijan, Kyrgyzstan and Georgia.

However, emigration of the Russian-speakers from the Baltic states is relatively small despite their grievances about discrimination.

Some 1,600 people have come to Russia from Lithuania, Latvia and Estonia this year, which is only 3.5 per cent of the total number of migrants.

As for Chechnya, the 1996 figure of refugees from this troubled North Caucasus region is 4,900.

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Political Issues

Russia: Yeltsin Satisfied That Russia Being Treated With Respect

LD1705122596 Moscow ITAR-TASS in English 1210 GMT 17 May 96

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, May 17 (Itar-Tass) — "An epoch-making event was and is still taking place, a turn of the vast country and the consciousness of millions of its people from utopia to reality and common sense. Such a turn is not an easy thing to do either for an individual or a country," said Russian President Boris Yeltsin in an interview with the Omsk state teleradio company on Friday.

The Russian president expressed satisfaction that "there were no more "sausage el-trains" (suburban trains which used to take people from the countryside to Moscow to buy sausage which was in short supply) and that the shops were full. "Of course, the advantages of the market economy are not enjoyed by everyone yet, but all the able-bodied population was offered a chance to realize its potential," the president said.

The interview with the Russian President was recorded on the eve of his working visit to the Krasnoyarsk and Omsk regions which begins today.

Commenting on his activities as the Russian President, Yeltsin told Omsk journalists that if he were asked whether" the time had come to put an end to swapping one system for another," he would say "yes," only at first, it is necessary to get one's feet on the ground of the reality and common sense, what we have been doing now." Yeltsin pointed out that a transitional period turned out extremely difficult, primarily, in a psychological aspect." We had to abandon many illusions, which is a painful process".

Yeltsin said that "as the President, he took it hard that in the first stage the people had to suffer many hardships, but unfortunately, they were unavoidable." "Only now we have been attending to the problem of compensating bank deposit to the population, primarily, to elderly people," he said.

Yeltsin said that some social programmes had to be curtailed because of the difficulties of the transitional period, but stressed that "they would undoubtedly be restored because our economic upheaval is approaching."

Yeltsin said that as the president, he experienced a sense of satisfaction that "Russia had embarked on the way of freedom and democracy; that a Russian citizen was offered an opportunity to relax both in the spiritual, economical and political aspects, that no Party Bureau can interfere into his private life and treat him as its serf". Yeltsin said that he was satisfied because Russia was now being treated not only with fear, but with respect." Finally, I am satisfied because for the first time in many decades a Russian citizen can make a free choice, electing his president, Yeltsin said.

Speaking on the interaction between the federal Center and regions, Yeltsin laid the emphasis on streamlining a mechanism of budgetary federalism. He noted that in his budgetary message to the Russian government for the current year he had suggested fostering budgetary federalism. The president noted that first, at issue was the process of reform of the budgetary system and the entire budgetary process. Thus, work is being done to ensure the formation of real budgetary federalism, Yeltsin said.

"However, this is only one side to the coin, the president said, adding that "the other one was that far from all the people in Siberia lived worse than the people in the European part of Russia in general. For instance, in the Krasnoyarsk region the living standards and the situation on the consumer market were considered to be one of the best in Eastern Siberia and in the whole country," Yeltsin said.

However, he noted that there were many problems in Russia regions and many of these problems should be resolved at the level of the local administrations, rather than at the level of the president and the government. "It is local administrations who are responsible for the implementation of their budgets and who are responsible to its citizens," the president said.

Russia: Yeltsin Leaves for Two-Day Tour of Siberia

LD1705122496 Moscow INTERFAX in English 1108 GMT 17 May 96

[FBIS Transcribed Text] Moscow, 17 May (Interfax) — Russian President Boris Yeltsin left Moscow today for a tour of Siberia. He plans to visit Krasnoyarsk territory and Omsk region. The visit will last two days.

Russia: Profile of Foreign Minister Primakov Presented

LD1805170096 Moscow Russian Television Network in Russian 1020 GMT 18 May 96

[Report by Leonid Mlechin, including recorded remarks by Vitaliy Ignatenko, Russian deputy prime minister; Vadim Bakatin, former head of the KGB; Vladimir Razmerov, senior researcher at the Institute of World

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Economics and International Relations; and Aleksandr Yakovlev, academic and former Politburo member]

[FBIS Translated Excerpt] [Mlechin] Experience shows that all kinds of secret operations only damage politics. It is, however, difficult to avoid them. In any case there is a person in Russia now who understands both secret operations and politics. This is Yevgeniy Maksimovich Primakov, the new foreign minister. Many think that the choice of Primakov for the post of foreign minister was President Yeltsin's most successful decision. Even those most opposed to Boris Yeltsin were satisfied with his selection. What is the secret of his success and his career? What is Yevgeniy Maksimovich Primakov like as a person who has always been capable of being liked, and who we now see on television screens, mostly somber, gloomy, and in dark glasses? What is he like in reality ?

[Ignatenko] No, no. He is a totally different person. [passage omitted] He is a totally different person. The Primakov I know I like very much and I think that he is one of the most outstanding citizens of our country. [passage omitted]

[Bakatin] He has this rare combination. The combination of two seemingly opposite qualities. On the one hand he is a very serious person. On the other hand he is, as they say, a good sport, a happy and cheerful person. He is not a simple person but is actually much more complicated. He is a very complex person. Probably no one knows him deeply. No one knows. You will also not be able to do this with your film, to find the essence. He is a tragic person. He is serious in his private life. There were all kinds of problems. He is capable of dealing with blows. He is a wise person.

[Mlechin] In the West the appointment of Primakov was received in a very hostile way. There they could not forget how Yevgeniy Primakov embraced Saddam Husayn. Western politicians think that Primakov bears the mark of belonging to the old Soviet elite. The Americans are even of the belief that Primakov treats the United States badly. Understanding this, the new foreign minister when meeting the Western partners showed all his charm. Is it true that Primakov is really anti-American and does not like the West?

[Ignatenko] A myth, of course. We have two to three colors in our politics. Politicians are either branded black, white, or [word indistinct]. Now we are even divided according to political geography. It is totally not like this. He is simply serious. A deep person.

[Rasmerov] He is of course a diplomat. He has to act correspondingly. If it is useful to look dull and to use it in work, then look like that, it is very good. At the same time, I will bring an example, he looks like that, but in his first contact with Christopher in Helsinki, it ended brilliantly. They started to address each other informally. Look at Christopher, he is a straightforward person; look at his face, you will die of boredom.

[Mlechin] Soon after being appointed to the post of minister Primakov met with his main diplomatic partner, U.S. Secretary of State Warren Christopher. To everyone's surprise the ministers soon started to address one another informally. The Americans were pleasantly surprised by Primakov's knowledge of international affairs. The ease with which he held talks, without notes. Primakov tried to disperse American fears of a return to the time of the Cold War and firmly agreed with Christopher that Moscow and Washington would inform one another and would not spring unpleasant surprises. Primakov tried to make the Americans understand that relations with the United States are not the most important thing for Russian diplomacy. At the talks Primakov was polite but firm. It is said that he was always like this.

[Bakatin] Once I thought that our openness with the world would help and that it could sincerely help us to enter this new world. The world, however, turned out to be harsh and it does not want help anyone. They are only after profits. He knew this world best.

[Mlechin] Is it possible to influence Primakov in some way? Make him change his views? Change course?

[Yakovlev] It is possible to influence him with some kind of point of view but with a great deal of effort and through serious arguments.

[Ignatenko] On many occasions during his political career he acted against the views of his superiors. [passage omitted]

[Mlechin] There is one sympathetic quality which in many ways explains the character of Primakov. He places friendship above politics. No matter what happens he remains loyal to his friends. Even if a friend has been demoted or dismissed Primakov will not change his relations with him. [passage omitted]

[Mlechin] Yevgeniy Primakov cannot be called a sybarite who puts all the work on his assistants while he himself enjoys life. He is used to working by himself.

[Razmerov] I even recall him saying that, without boasting but simply stating the fact, with a certain amount of sadness, that his work was his favorite occupation. I inherited Primakov's huge writing desk. When we moved from the old building on Yaroslavskaya Street to our present building I found out with horror that one of the drawers was full of medicines. The poor man was taking

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all kinds of medicine. He was really a sick person. One could even, unfortunately, see most of them in his face. Do you know how he keeps himself going? I became convinced during our joint travels, particularly when we travelled together to Warsaw and Krakow. He can take a nap at any time, like Churchill, and is able to use every minute.

Russia: Communists Dismiss Duma Speaker From Party Post

LD2005105096 Moscow ITAR-TASS in English 1021 GMT 20 May 96

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow May 20 (Itar-Tass) — The Russian Communist Party of Gennadiy Zyuganov relieved Gennadiy Seleznev, the State Duma speaker, from the post of the secretary of its Central Committee, the press service of the communist faction in the Duma told Tass on Monday.

It said the decision was taken by a close-door plenum of the party on Saturday because of a big workload of Seleznev as the chairman of the lower house.

Military & Nuclear Issues

Russia: Text of Edict on Voluntary Conflict Service Published

MM2005082796 Moscow ROSSIYSKAYA GAZETA in Russian 18 May 96 p 1

[Russian Federation Presidential Edict No. 723, "On the Procedure for Sending Drafted Servicemen To Carry Out Missions Under Armed Conflict Conditions and To Take Part in Combat Operations," signed by President Yeltsin in Moscow on 16 May 1996, under the banner headline "Kremlin's Sensational Salvo" and the general heading "President Boris Yeltsin's Edicts Published Today Restore Justice, Put the Ruble in World Orbit, and Provide a Boost for Army Reform"]

[FBIS Translated Text] 1. It shall be laid down that drafted servicemen shall be sent to carry out missions under armed conflict conditions and to take part in combat operations exclusively on a voluntary basis (under contract).

2. The Russian Federation Defense Ministry, the Russian Federation Ministry of Internal Affairs, the Russian Federation Ministry for Affairs of Civil Defense, Emergency Situations, and Elimination of Natural Disasters, the Russian Federation Federal Border Service, and other ministries and departments in which military service is stipulated by law shall determine ahead of time the lists of military units, subunits, staffs, and operational and other groups to be used to carry out missions under the conditions of armed conflicts and combat operations.

3. The Russian Federation Government, taking account of Paragraph 1 of this edict, shall determine the procedure for transferring Russian Federation Armed Forces and other troops to the manpower acquisition system of military units, subunits, staffs, and operational and other groups involved in carrying out missions under the conditions of armed conflicts and combat operations.

4. This edict comes into force from the day it is signed.

[signed] Russian Federation President B. Yeltsin

[dated] Moscow, the Kremlin, 16 May 1996
No. 723

Russia: Chernomyrdin, Grachev Discuss Yeltsin Decree on Army

LD1805145496 Moscow INTERFAX in English 1440 GMT 18 May 96

[FBIS Transcribed Text] MOSCOW, May 18 (Interfax) — Prime Minister Viktor Chernomyrdin on Saturday met Defense Minister Pavel Grachev and other chief security officials to discuss a May 16 decree by President Boris Yeltsin under which conscripts can be sent to fight in armed conflicts only if they wish to do so and only on a contractual basis, the Government Information Department said.

The government is preparing orders and directives to put the decree into practice, the Department said in a release made available to Interfax.

Chernomyrdin and the top security figures also considered priority measures to enforce another presidential decree, which orders gradually abolishing military conscription and putting all military service on a contractual basis by the year 2000, the Department said.

Russia: Grachev Welcomes Edict on Contractual Military Service

LD2005093196 Moscow INTERFAX in English 0853 GMT 20 May 96

[FBIS Transcribed Text] MOSCOW, May 20 (Interfax) — Russian President Boris Yeltsin's decrees to make the Russian armed forces professional and use only contractual servicemen for operations in conflict zones were described as "timely and necessary" by Defense Minister Pavel Grachev at a meeting of the ministry and the armed forces General Staff on Monday.

"The ministry has started to consider the efficient implementation of the decrees," said the minister. "We have no doubts about their necessity."

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"We are military people and do not discuss orders," said Grachev.

"The decrees show the president's striving to start the long-awaited reform in the armed forces," he told Interfax after the meeting.

A priority of Yeltsin's future presidency "will be an in-depth reform of the armed forces," noted Grachev. "I am sure he will do his best to ensure the reform's success."

Russia: Military, Duma Question Feasibility of Professional Army

MK1805085296 Moscow NEZAVISIMAYA GAZETA in Russian 18 May 96 p 1

[Report by Igor Korotchenko: "Impractical Plans"]

[FBIS Translated Text] The edict signed by President Boris Yeltsin on manning the Russian Federation armed forces beginning in the year 2000 with ordinary soldiers and noncommissioned officers on a fully contract basis came as a total surprise to the Russian military department, NEZAVISIMAYA GAZETA was told at the Main Organization-Mobilization Directorate (GOMU) of the General Staff. According to GOMU officers, they can hardly imagine how this will be done in practical terms, because the main incentive for contract soldiers to join the army is sizable pay and an opportunity to obtain housing with all the modern conveniences. It is extremely problematic to provide both even for officers, let alone contract soldiers.

Defense Ministry spokesmen think the country's financial position rules out in principle the chances of implementing this presidential edict, which is not feasible.

It is also extremely doubtful that the army's need for conscripts can be fully met by hiring volunteers. Today, young people prefer to man private trade stalls and to be university students or members of protection rackets rather than to soldier and "staunchly suffer all the hardships and privations of military service," as well as bullying from older fellow soldiers in the barracks. More likely than not, Boris Yeltsin's edict on the transition to a professional army awaits the fate of the State Program for the Construction of Housing for Servicemen, which has been conveniently buried owing to the paucity of the army and state budgets.

Some portion of voters might look kindly on the president's latest steps in the field of military reform. However, the General Staff is displeased with the Kremlin's populism, which could negatively impact on the armed forces' state of readiness. A similar stance has been adopted by the State Duma, which yesterday included on its agenda the question of asking Russia's top officials to forbid the making of any decisions aimed at reforming the Russian Federation Armed Forces and other power structures until after the presidential elections.

Russia: Yeltsin's Army Edict Embarrassing to Defense Minister

MK1805105296 Moscow KOMMERSANT-DAILY in Russian 18 May 96 pp 1, 3

[Report by policy desk: "Boris Yeltsin Opts for Contract Service"]

[FBIS Translated Text] By signing an edict on the abolition of conscription and the organization of a professional military force as of spring 2000, Boris Yeltsin showed that he is not afraid of irking the military in the run-up to the elections. There is no doubt that the votes of students, future conscripts, and their families, on which the president is counting, will be offset by discontent among career military. Neither side can be sure that a professional army will be created in four years or that after the elections Yeltsin will not forget about his promises. Yet the mere declaration by the supreme commander of such an intent cannot fail to lead to changes in military policy. On Thursday evening the news of Boris Yeltsin's edict all but produced a bombshell effect in the Defense Ministry. Those who heard the news (in most cases from KOMMERSANT-DAILY's correspondent) in their workplaces at first simply refused to believe it. Even so, yesterday morning they had to face it. At 0900 Colonel General Vyacheslav Zherebtsov, deputy chief of the General Staff and head of the Main Organization and Mobilization Directorate in charge of conscripts and contractors, summoned his subordinates for a conference. Yet, to all appearances, the generals did not get an answer to the question: "What is to be done?" In any event, one conference participant told your KOMMERSANT-DAILY correspondent literally the following: "What comment? We have just learned about it ourselves! We are studying it — excuse me, I am busy." Yeltsin decided to take not simply a responsible but also a rather risky step. He in effect tried to cut the knot of highly sensitive problems connected with the operation of the military today. There was probably no other possibility to begin any reform of the unwieldy and stumbling military machine. Today the president's intentions look simply unrealistic. The contract system that has existed in the military for three years now has not justified itself. Meanwhile more than 800,000 conscripts — not only in the armed forces but also in border, interior, and other troops — are to be replaced by contractors. There is a chronic shortage of funds even for the present army. Moreover, there is no clear-cut idea of what it should be like. So Yeltsin's edict is rather designed to demonstrate his determination to be-

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gin a process of transformation. The reaction by deputies who, after Yeltsin's edict, are to consider amendments to the existing legislation because force development is based on the law, was not slow in coming. Yesterday the Duma entrusted the Defense Committee to appraise the edict. It is not difficult to predict the reaction by the Communist majority in the lower house: General Varennikov described the edict as not feasible, while Viktor Ilyukhin said that the president has trespassed on the lawmakers' jurisdiction. Yet Eduard Vorobyev, one of the most competent military deputies (until December 1994 first deputy commander in chief of the Ground Forces), said in an interview with KOMMERSANT-DAILY: "Any statement by the president can be perceived by his opponents as populist. To avert any false rumors around the edict, it is important to promulgate an economic feasibility study and a substantiated concept for the transfer to a contract principle. If everything is left to drift, there will be no result."

It is quite clear that the Duma in its present composition will never accept Yeltsin's proposals: The CPRF and the LDPR have ample votes to prevent the abolition of conscription, and the president knows it. Deputy Sergey Yushenkov yesterday observed philosophically: "In four years there will be another Duma which will approve all of this." The edict on creating a professional military force puts Pavel Grachev into an extremely difficult position. The minister is known as a zealous defender of universal conscription, and Yeltsin's decision means that he has ignored the minister's opinion on such a sensitive issue. This can be seen as an invitation to resign, considering the increasingly persistent demands from the president's potential allies to replace the Defense Ministry leadership. Grachev himself must be aware of this. So the minister's fate can be a measure of the seriousness of the president's intentions.

Russia: Yeltsin Edicts on Professional Army Elicit Mixed Reaction

MK1805100896 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 18 May 96 pp 1-2

[Report by Andrey Stepanov, Aleksandr Kolpakov, Maksim Kustov, and Maksim Shiryamov: "The 1996 Demobilization To Be the Last One. It Makes Sense for Russian Mothers To Vote for Yeltsin"]

[FBIS Translated Text] The president's "military" edicts are a good move in any event. According to these edicts, the Russian Armed Forces will be brought up to strength with contract servicemen, not conscripts, and even at this stage only contract servicemen or volunteers can be sent to any hot spot. Naturally, their opponents still can curse them, but it is too late to do anything about it. Passing Duma decrees denouncing them would make no sense, because any such paper would portray its authors as enemies of military reform. The president gave the people hope, and it is simply impossible to make them change their minds within a month or two. A state document has been passed, and no rival can match this step: A simple promise, particularly so one made by the Communists, will not produce such an effect, because the parents of the current conscripts have the Soviet approach to the problem still fresh in their memory.

At the State Duma, the presidential edicts on gearing the Armed Forces to the acquisition of manpower on a professional basis and voluntary military service in Chechnya and other hot spots came for the Communists as a bolt from the blue and elicited unmistakable confusion among them. The Zyuganovites are babbling something about the "populism" of these documents, about the "chaos" they will touch off. At their insistence the State Duma tasked its Defense Committee with appraising these documents, although only the Constitutional Court is entitled to appraise presidential edicts.

As for democratically minded deputies, they fully approve of the presidential initiative and welcome it, because they have long insisted on military reform.

In the view of democratic deputies from among servicemen, these edicts will not touch off any "chaos." This is what Eduard Vorobyev, independent deputy and chairman of the State Duma subcommittee for the organizational development and manpower acquisition of the Armed Forces, told your correspondent. In his words, nearly everything is ready to implement the edict "On the Voluntary Dispatch of Servicemen to Chechnya or Other Hot Spots." The only issue is to replace the servicemen in Chechnya who do not want to serve there. As for the establishment of a fully professional Armed Forces, this move has long been overdue, although the transfer should not, of course, be a one-time action, but a phased process. Some see the main snag as huge financial costs. According to Vorobyev, however, the assertion that a contract serviceman will cost five times the cost of a conscript is farfetched, and this question requires additional analysis. Even at this stage contract servicemen make up nearly half of the Armed Forces' entire personnel.

Sergey Yushenkov cited specific figures in his commentary for MOSKOVSKIY KOMSOMOLETS: A conscript costs the state slightly more than 11 million rubles, while a contract serviceman is worth 16-17 million. He also expressed his view that the switch to a new system of manpower acquisition has been "dragging on a bit too long" because "the defense minister and some other people have not been particularly conducive to the switch to a contract army." In Mr. Yushenkov's view,

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four years is quite a realistic period for this transformation. Yet, the reactionary top brass will, of course, be opposed to the realization of even the existing edicts.

At the Defense Ministry, your MOSKOVSKIY KOMSOMOLETS correspondents were told in response to their request for a commentary: "What do you think our attitude to the presidential edicts can be? Our business is to carefully listen to the edicts, take them into account, and give a salute. It is another matter that there are such politicized generals as Gromov or Lebed, so it is up to them to comment or to make all conceivable assessments of whether the presidential decisions are correct or not. We, for our part, think there is plenty of time for consideration and specific actions, because the deadline is the year 2000."

At the Federal Border Service, they think the edicts on a professional Armed Forces and contract service depend on money.

"It would be terrific if we reach 70 percent of what has been announced by the president. Yet this is unlikely to succeed. The situation in the country is too difficult. Now imagine border posts that are the foundation of the border troops' service. These posts are manned by people, and people need infrastructure, housing, schools, stores, laundries. Can it all be arranged by the year 2000? Don't you know what kind of borders we have? With God's help we will only be able to calculate all these novelties on paper, let alone take specific actions."

The parents of servicemen who were picketing outside the State Duma in an attempt to draw the deputies' attention to the fate of their sons drafted to serve in Chechnya have a different view of the matter: "We would prefer only contract servicemen be sent to Chechnya. Compulsory service boys have no business there, even if they are volunteers. As for a professional armed forces, of course, we vote for that with both hands, but we cannot yet believe that this might actually come true. In all likelihood, this is an electoral, purely political gesture. Frankly speaking, we also expected an edict on alternative service. Under the Constitution, it has long been in existence, but the law has yet to be passed. Even if it disappears four years from now as redundant — it must be enacted now all the same.

Russia: Yegorov: Russia Can Afford To Halt Conscription

LD1805165696 Moscow ITAR-TASS World Service in Russian 1445 GMT 18 May 96

[By ITAR-TASS correspondent Viktor Zhilyakov]

[FBIS Translated Text] Krasnodar, 18 May (Itar-Tass) — "Boris Nikolayevich Yeltsin studied the accounts, including the financial ones, very carefully before signing his edict 'On the transition to recruitment of the rank and file and NCO's on a professional basis to the Armed Forces and other troops of the Russian Federation'." This was said today by Nikolay Yegorov, the head of the presidential administration. He was commenting on the edict during a working visit to the Kuban, where he was meeting commanding officers of units of the Krasnodar military garrison.

The Russian Armed Forces' move from spring of the year 2000 to recruiting privates and NCO's on a voluntary basis is within the means of the federal budget, which from next year, according to the edict, will contain provision for priority finance to pay for soldiers serving under contract, Yegorov said. Over half the complement are already on contract in some units in the Russian Armed Forces, he noted.

The way in which the military are financed will change soon, Yegorov said. So-called field banks [polevyye banki] will be set up and Armed Forces money will no longer be channelled through commercial banks, which in the past has led to major delays in paying wages. Branches of the Savings Bank or Central Bank will take on this function.

A whole package of edicts signed by the president will help to raise the military's standing and the prestige of military service, to modernize the army and improve its combat readiness, Yegorov said. He stressed, in particular, the importance and timeliness of Yeltsin's edict on state support for public organizations engaged in promoting a patriotic spirit among young people.

Russia: Yeltsin Aim for Professional Army by 2000 'Realistic'

LD1905103696 Moscow INTERFAX in English 1007 GMT 19 May 96

[FBIS Transcribed Text] KRASNODAR, May 19 (Interfax) — Abolishing conscription and introducing army and fleet manning on a contract basis from the year 2000, as envisaged by a recent decree of President Boris Yeltsin, is a realistic goal for Russia, Nikolay Yegorov, head of the Russian presidential administration, said in Krasnodar Saturday, at a meeting with the command and the personnel of an Interior Ministry division deployed here.

He said contract servicemen already account for up to 60 percent of soldiers and sergeants in some units. According to Yegorov, before signing the decree, Yeltsin "thoroughly studied all calculations presented to him, including the financial ones."

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The president signed not just one but a package of decrees aimed at strengthening the Armed Forces which will not exceed 1.5 million, said Yegorov.

He pointed to the importance of the presidential decrees on state support for public organizations involved in military and patriotic education of the youth and on an end to the financing of the Armed Forces through commercial banks. From now on, the army will be financed through the branches of the Central Bank or Sberbank.

The measure will allow to protect all the funds allotted for the military from theft, said Yegorov.

He also said the Russian government had drafted a bill on Cossacks, which will allow to revive a Russian tradition when Cossacks were both farmers and servicemen guarding Russia's borders.

During his trip over the Krasnodar territory, Yegorov met with the command of the Krasnodar and Novorossiysk garrisons and the Black Sea Fleet, visited the Krasnodar furniture plant and the Marshal Zhukov military compound built by a Turkish firm, Enka. Yegorov decorated several journalists of the Kuban state-run television and radio company with state awards.

Russia: Impact of Draft Dodger's Acquittal Pondered

MM2005091696 Moscow KRASNAYA ZVEZDA in Russian 17 May 96 p 1

[Article by Vladimir Maryukha: "Very Important Legal Precedent for Manning of Armed Forces Set in Noginsk. How Shortcomings in Legislation and Hullabaloo in Press Help People Dodge the Draft With Impunity"]

[FBIS Translated Text] Some mass media have called the not-guilty verdict brought by the Noginsk City Court in the case against draftee Vadim Gesse on charges of dodging military service a "very important precedent." And it is hard to disagree with that. Since in the name of the Russian Federation, Judge Ye. Raskevich set such a major precedent that all one can do is sound the alarm, cry for help, or picket the State Duma, in whose corridors highly important laws for the country and its army have "gotten lost." The only thing that prevents such actions is the hope of a higher court — where, according to the Noginsk city military commissar, an appeal will be lodged against the decision — the vague hope that people will not do in our country what they do in Britain, where verdicts are brought in cases considered in court on the basis of precedent and therefore a criminal in the late 20th century can be acquitted if a similar verdict was brought in 300 years ago.

The Gesse case might have been a run-of-the mill affair and only elicited interest by virtue of the fact that in a number of similar cases when draft dodging assumed menacing proportions it has been taken to court. But journalists, photographers, and certain Duma deputies, who had it in their power to prevent the case by promptly adopting the relevant law, initially fueled the hullabaloo over this. However, painstaking work on laws does not guarantee notoriety with a close-up on television yet even a minor scandal brings fame. What kind of fame is not important — even that of Herostratus [person who burned down Ephesus Temple of Artemis — one of Seven Wonders of the World] as long as you have a cozy warm seat in a legislator's chair.

The draft commission deemed Gesse fit for service but a day before the command was given he went to Colonel Aleksandr Iskorostinskiy, military commissar in Moscow Oblast's Noginsk, and announced in writing his desire to perform alternative service as proclaimed by the country's fundamental law, the Russian Constitution. This right is indeed proclaimed for citizens who moral convictions prevent them taking up assault rifles but right now there is no mechanism for exercising the aforesaid right. What is to be done until the State Duma has adopted the draft laws on alternative service, including those formulated by the military themselves? The answer lies in the selfsame article of the Constitution two lines above the proclamation of the right to alternative service — it is necessary to be guided by federal law. There is one law — the "On Military Service Obligation and Military Service." And it contains a point on alternative service. Decree No. 859 of the Supreme Soviet of 19 May 1993 spelled out this point: No one can take this right away from draftees but it will be put into operation with the adoption of a law on alternative service.

"Until the law has been adopted," I was told by Col. Iskorostinskiy, "we decided to accommodate draftees, who do indeed have motives prompting them not to serve with weapons in hand. Special teams have been set up for believers, who are to restore a monastery in Vladimir Oblast. As for Gesse, there is every indication that his 'pacifism' and 'rejection of violence' only 'came to life' before he was sent into the troops."

It emerges from the verdict that the proof of Vadim's "ideological convictions," which prevent him from serving, were based...on the testimony of his grandmother. The grandmother and grandson turned out to have been "active participants in and propagandists for" (this was said in the verdict) a certain Antimilitarist Radical As-

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sociation [ARA]. Virtually from the cradle draft-dodger Gesse dreamed of the country setting up a professional army in which he, "exclusively a man of peace, who has never even gotten into a fight," (that was probably what finally persuaded the court of the "seriousness" of the accused's convictions) would not have to serve. I am not exaggerating in the least, this was the minuted testimony in court provided by the radical-pacifist grandmother. No other proof was needed: Since the grandmother had said that, it was true.

The fact that the verdict features Gesse as both a member of the ARA and a member of other "parties and movements" of similar "types" but not "names" is also evidence that the court did not "dig" deep. Dodging the draft has cost Gesse 105,000 rubles [R] in all. That is how much ARA activists rate the cost of their helping him to dodge the draft. If a draftee joins them and pays his membership dues, the association's lawyers will try their utmost to get you off in the event of a criminal case. Especially since an "important precedent," as certain mass media rushed to say, has already been set....

But if you read the verdict carefully, despite the patently protracted exposition of the crux of the case, the precedent turns out to have been set not on the basis of, but contrary to, Russian legislation. The court recognized the gap in the legislation on alternative service, acknowledged that the Constitution prevails over all other legal norms, and adopted a decision on the basis of..."the norms of international law." That is it, no more and no less. It turns out that all of us, from the president to a newborn babe, do not live by the law or, rather, by the laws that guided the Noginsk court at the prompting of the ARA's lawyers. It only remains to hope that a court of higher instance will voice a professional opinion of the legal complexities of this case. Otherwise, if international norms on human rights are mechanically translated to Russian soil, the courts will be overrun with lawsuits demanding that our life be brought into line with these norms, to wit, housing provided, along with adequate wages, pensions, etc. But now we are interested in the military aspect of one specific case.

"Of over 1,300 draftees in Noginsk this year, there are just two 'staunch' objectors," Military Commissar Aleksandr Iskorostinskiy said. "Andrey Serdechnov wrote of his reluctance to serve without, admittedly, explaining his motives. Unlike Gesse, who worked for the Korola-Servis commercial firm, he evidently has not yet found the notorious R105,000. And Denis Spitsin born in 1974 is not studying or working and his reasons are not known because he is on the run."

Aleksandr Innokentyevich is not inclined to make pessimistic forecasts regarding the effect of Gesse's acquittal on the course of the present draft. According to him, the work of military-patriotic education for young people has been revived in Noginsk over the past four years and has gone even further than before. With the help of Administration Head Vladimir Laptev there have been visits to museums and enterprises' combat glory rooms, exhibitions of front-line soldiers' art work, and Afghan Days, Disabled Days, and meetings with servicemen's widows have become a tradition. Draftee days are being held at troop units deployed in the rayon. Basic military training has been revived in schools and line officers are now serving simultaneously as military training officers replacing those who have fled in search of a better lot. The city intends to establish sponsorship of the Pacific Fleet's cruiser Varyag, whose commander Anatoliy Lipinskiy is a native of Noginsk.

In other words, people who are not indifferent to the future of the fatherland are living and working in Noginsk. It is all the more painful for them to realize that all their labor, for which they are not, incidentally, paid on time and which is by no means adequately appreciated, may come to naught. And for just R105,000 if you follow the logic of, and prices charged by, such "rights campaigners," who are taking advantage of the imperfect nature of our legislation. Is there any need to recall that even without this "contribution" to the defense of state interests Russia's Armed Forces are experiencing hard times when it comes to manning units and funding, etc. And the precedent set by the Noginsk court further "denudes" troop units. But it was not the military commissar who lost in court but Russia, by once again humiliating the Army and openly advertising its failure to implement its own laws.

Russia: Chernomyrdin, Kuchma Agree on Compensation for Nuclear Arms

LD1805090496 Moscow INTERFAX in English 0752 GMT 18 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax-Ukraine) — At a meeting in Moscow Friday evening, Russian Prime Minister Viktor Chernomyrdin and Ukrainian President Leonid Kuchma agreed that Ukraine would get a compensation worth $450 million for the tactical nuclear weapons, moved out of Ukraine back in 1992.

According to a Ukrainian official, Ukraine's debt to Russia will be cut by this in line with an appropriate document to be signed shortly.

The Black Sea Fleet problem was discussed at the meeting. The positions of the sides remained unchanged

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with Russia objecting to Ukraine's proposal to retain its naval facilities at two Sevastopol harbors, Streletskaya and Karantinnaya, the source said.

Russia: Nuclear-Powered Missile Cruiser 'Nearing Completion'

MM1705154896 Moscow KRASNAYA ZVEZDA in Russian 17 May 96 p 1

["Own information" report: "Petr Velikhiy Prepares for Commissioning"]

[FBIS Translated Text] Work on commissioning the heavy nuclear-powered missile cruiser Petr Velikhiy is nearing completion in St. Petersburg. A report to this effect was delivered 15 May to Andrey Kokoshin, Russian Federation first deputy defense minister, by Admiral Feliks Gromov, commander in chief of the Navy, and his deputy for armaments, Admiral Valeriy Grishanov, following their stay on board the ship.

As is well known, from 1989 through the fall of 1992 this ship effectively lay idle alongside the wall of the Baltic plant, and the question of selling it for scrap was even discussed. Work was resumed on the future flagship of the Russian fleet after a visit from a Ministry of Defense commission headed by Andrey Kokoshin, Russian Federation first deputy defense minister, and Colonel General Vyacheslav Mironov, who was armaments chief at that time. It was then that the government and the leadership of the Ministry of Defense and the General Staff reached the aforementioned decision.

Unlike previous years, when warships under construction were long unable to be commissioned into the fleet because of numerous faults, the strictest control has now been organized over the quality of all the work, which is being led by the highly experienced shipbuilder Gennadiy Starshinov. Though under enormous strain, the funding schedule is also being maintained, ensuring uninterrupted implementation of all the measures necessary to commission the ship. The next sea trials are scheduled for July.

Work on the Petr Velikhiy is being completed exclusively at budget expense, without funding from any public organizations, contrary to reports on this subject that have recently appeared in the press.

The Ministry of Defense is keeping strict control over the comprehensive testing and honing of the cruiser. The forthcoming commissioning of the Petr Velikhiy will undoubtedly be a major event in the history of the Russian Navy.

This also relates to several other major surface ships and submarines of the Russian fleet with a high degree of readiness. Among these are, in particular, the large ASW ship Admiral Chabanenko, which is undergoing sea trials. In terms of its equipment this ship is the equal of the best foreign equivalents.

Federal Assembly

Russia: Upper House Backs Yeltsin, Rejects Duma's Censorship Bill

MK1705122296 Moscow NEZAVISIMAYA GAZETA in Russian 17 May 96 pp 1-2

[Report by Konstantin Katanyan: "Censorship Gets Rebuff"]

[FBIS Translated Excerpt] The State Duma's attempt to take control of the activity of journalists covering the work of the Russian parliament proved a failure. Wednesday evening, the Federation Council "rejected as defective" amendments to the federal law "On Rules of Covering the Activities of Bodies of State Power in State-Run Mass Media" which would excessively broaden the rights of the press services of the Federal Assembly houses and, on the other hand, curtail journalists' rights.

The [draft] law on amendments and riders to the above federal law clearly contradicts the main law that guides the entire Russian press: the Law on the Mass Media. It was proceeding from these considerations that Russian Federation President Boris Yeltsin made the decision to turn down the Duma's doubtful initiative. The lower house, nevertheless, would not fine-tune the [draft] law, which abounds in flaws and implies the introduction of censorship, and passed it in its previous wording by two thirds of the vote, thus overriding the president's veto.

In turning down this [draft] law, the senators were guided by common sense and the arguments of the Russian Federation plenipotentiary representative in the upper chamber, Anatoliy Sliva, who enumerated the flaws of the document that was being discussed and said that "it is necessary to work out a quality law, rather than to approve what is a clear flaw in legislative activity."

Also concurring with many of Sliva's arguments was the head of the Federation Council press service, Yuriy Algunov, who noted, talking to your NEZAVISIMAYA GAZETA observer, that he had no use for any special rights in dealing with television and radio companies. "I am supposed to find a common language with parliamentary correspondents rather than tell them what to do," Algunov underlined. [passage omitted]

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Russia: Duma Opposes Yeltsin's Edict To End Conscription in 2000

LD1705141196 Moscow ITAR-TASS in English 1348 GMT 17 May 96

[By Igor Zhukov]

[FBIS Transcribed Text] MOSCOW, May 17 (ITAR-TASS) — Head of the Russian State Duma committee for defence Viktor Ilyukhin told Tass on Friday that President Boris Yeltsin alone cannot adopt a decision on transferring the Russian Army to a contract basis by the spring of the year 2000.

Such decisions should be taken by the Russian parliament, Ilyukhin said.

Earlier today, the Duma (lower house) instructed its committee for defence to give a legal assessment of Yeltsin's decree issued on Thursday.

The decree orders to end military conscription in the year 2000. Besides, it binds agencies concerned to take measures to raise the prestige of military service and attract more young people to join the army by contract as privates and sergeants.

According to Ilyukhin, there are generally accepted constitutional rules for the adoption of such decisions. First, the Duma should introduce changes and amendments to the Federal Defence law and other relevant acts, he said.

Afterwards, these documents should be submitted to the Federation Council (upper house) for approval, and only after that can the president sign them, he said.

"Such problems cannot be solved by decree," the MP said.

Russia: Shokhin Sees Duma Adopting Laws To Provoke Yeltsin

MK1705123896 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 17 May 96 p 1

[Interview with Aleksandr Shokhin, first deputy speaker of the State Duma, by Yana Yurova: "The Duma Is Concerned Over the Seizure of Power. Will the President be Partisan?"]

[FBIS Translated Text] Last week two generals — Presidential Security Service chief Korzhakov and Moscow Military District Commander Kuznetsov — spoke about a possible election delay. Generals, of course, are not the sort of people who are authorized to publicly discuss such serious state matters. How did the State Duma react to these statements? We put this question to First Deputy Duma Speaker Aleksandr Shokhin.

[Shokhin] Apparently generals are averse to getting involved in resolving political debates by using military force, as was the case in 1991 and 1993. Modern Russian history shows that every two to three years people go to the barricades. So the generals are jittery. Whereas Korzhakov is closely tied to a specific presidential candidate, Leontiy Kuznetsov is further removed from politics. Meanwhile, the Moscow Military District command has to react to political confrontation in Moscow, when the Taman and the Kantemirovskaya Divisions are called in. Although such statements are also a kind of politics. And the people at large perceive the words by ranking and influential generals as a readiness by the corresponding power structures to support the idea of delaying the elections.

I, for one, do not believe in elections being delayed through the use of force. Even if there are some very unpleasant developments provoked by, say, the Chechen side, which could see this as the most favorable moment for trying to sway the federal authorities' position on Chechnya. The postponement of elections is unlikely, because even the war in Chechnya itself did not lead to the introduction of a state of emergency in Moscow. I hope that we shall see nothing terrible happening in the future either.

[Yurova] Has the Duma — thoroughly permeated with a Communist spirit — really failed to respond in any way to the generals' statements, to which it is so sensitive?

[Shokhin] The Duma is submitting a draft law "On the Inadmissibility of the Seizure of Power in the Russian Federation." Now the deputies are adopting some peculiar laws about which nobody would even dare say a word in a time of calm. What is the meaning of the inadmissibility of the seizure of power? All this has long been written in other laws. But no, they have to pass a special law forbidding the overthrow of the legal system in the country! This follows from the Constitution. If the reference is to unconstitutional actions aimed at seizing power, the existence of yet another document will not be able to prevent anything. Such documents are made to attract attention and stress that opponents to the Communist majority in the Duma are anxious and eager to overthrow the legal authority as long as that keeps the Communists from coming to power. Now they, the Communists, are good boys; they advocate law and order in the country.

We are currently considering a lot of useless laws. Say the "Law on State Policy in the Field of Using Natural Gas as Engine Fuel." Until I saw the text I could not believe that there could be such a law. This subject at best deserves a government resolution.

The Yabloko faction initiated a law "On the Transfer of Power to the Newly Elected President." There is nothing particularly remarkable about that law. Indeed,

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there should be a procedure for the transfer of power. But it had an article on the president's partisan or nonpartisan status on which the Legislation Committee failed to agree. As a result, the Duma voted to throw that article overboard altogether, and adopted the law on first reading. But that was a fundamental article, and now it may not be included as an amendment in second reading. What do we have now? Some presidential candidates are party leaders. If one of them wins the elections, we shall have a president who is not free in decision-making. He will have to obey his party resolutions. Naturally the [incumbent] president will need to veto this law. And this will happen in the run-up to the elections. Who will want to go into the substance of the matter? As a result everybody will say that the president has not signed the law because he does not want to cede power. Therefore he will seize and usurp it.

Supposing the president returns the law "On the Inadmissibility of the Seizure of Power" to the Duma. What a good propaganda cause to talk about the president's democratic nature! I even think that a number of bills with such ostentatious titles are prepared especially to provoke the president into returning them, giving extra cause for an uproar.

Russia: Duma Approves Basic Amnesty for Chechen Rebels

LD1705154296 Moscow INTERFAX in English 1436 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (INTERFAX) — The Russian State Duma on Friday approved a basic resolution to declare amnesty for those who have taken part in the armed conflict in Chechnya.

A total of 252 Duma deputies backed the resolution with eight votes against.

Under the Duma's resolution, no criminal cases would be instituted against gunmen who have renounced resistance and voluntarily relinquished their weapons. Those who were involved in the Chechen war but did not commit especially serious crimes during the armed conflict will also enjoy amnesty.

The present amnesty is special because it will also apply to Russian troops and policemen who have committed socially dangerous actions that are not however considered as specially serious crimes.

The resolution provides for closing criminal cases against persons who have voluntarily turned in their weapons.

Amnesty will not be applied to persons who have perpetrated acts that are described by the resolution as acts of terrorism, attacks, hostage-taking or premeditated murders of servicemen or civilians. Nor will it apply to persons earlier declared as especially dangerous criminals, foreign nationals or persons without citizenship.

The resolution will be finalized and approved finally.

Russia: Duma Adopts Resolution on Timely Elections

LD1705154696 Moscow INTERFAX in English 1458 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (INTERFAX) — Russia's State Duma Friday adopted a resolution to hold the presidential elections on the day envisioned by the constitution.

A total of 272 deputies voted in favor of the document at today's plenary session.

The frequent speculations about postponement of the elections aroused concern among the Russian and international public, said the chairman of the Security Committee, Viktor Ilyukhin of the Communist Party faction, who authored the resolution.

Eighty-four British MPs have adopted a statement, saying that putting off the elections would breach the very essence of democracy and would be unacceptable, Ilyukhin said.

The State Duma underlined that the elections must be held strictly at the time envisioned by the constitution.

Russia: Duma's Zadornov Voices Serious Concern at Budget Revenues

MK1805125696 Moscow SEGODNYA in Russian 18 May 96 p 1

[Report by Dmitriy Volkov: "The Duma Has Expressed Its Discontent With the Government. The Budget Committee Chairman Has Reminded the State That Taxes Need To Be Collected"]

[FBIS Translated Text] Mikhail Zadornov, head of the State Duma Budget Committee, has warned that continuation of the present financial policy will surely lead to the need to print money by the end of the year. He said yesterday at a press conference that "in this case the state will be practically unable to fulfill any of its financial obligations." On Friday [17 May] the Duma passed a resolution on the execution of the federal budget by the government in the first quarter of 1996, based precisely on the opinion of the Budget Committee, where it recognized the activity of the cabinet of ministers as unsatisfactory.

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Mr. Zadornov predicted that, "unless there is a rise in budget revenues" — the failure of which is assessed by parliamentary analysts as "extraordinary" — by the end of the year, "delays with the payment of wages and social allowances will further grow; serious problems could arise with supplies to northern regions; barter payments will become widespread; and money substitutes will be issued in the provinces." "The government and the president will not be able to manage such a situation without increasing the budget deficit," Mr. Zadornov said, thus predicting that the aims of the rigid financial policy, should the present economic course be pursued, will remain unattainable.

Mr. Zadornov has put the blame for the unfavorable situation in the budgetary sphere on massive nonpayments, which in his words have reached 170 percent of the annual GDP, and on political uncertainty in anticipation of the election. "Taxpayers are simply awaiting the results, and the state is urging them to do so," he said. Budget Committee experts have counted about 20 decisions of the president and the government whereby electoral tax privileges have been granted which shrink the revenue base of the budget and suggest to others that they can refrain from making payments, since "no one will examine this matter before the election." The issue of nonpayments, however, is no less a political problem of the domestic economy, since it is precisely the political will of the country's leaders and the availability of more or less efficient official arbitration that are required for them to be stopped. "Elections, combined with a rigid economic policy, result in an economic standstill," Mikhail Zadornov said.

Mr. Zadornov expressed serious concern about the situation on the market for short-term state bonds and federal loan bonds [GKO-OFZ], the profitability of which continues to grow despite the Central Bank's intention to bring it down. "The situation on the market for short-term state bonds is related to the election," he said. "There is a difference in the price of securities to be redeemed before and after an election that amounts to tens of percentage points."

This notwithstanding, Mr. Zadornov predicted a rise in the tax collection rate in the second half of the year, since "the state has no other option, as at issue is its existence."

Regional Affairs

Russia: Security Plan Under Way for Yeltsin's Visit to Caucasus

MK1805124396 Moscow NEZAVISIMAYA GAZETA in Russian 18 May 96 p 3

[Report by Ilya Maskakov: "Federal Troops Cannot Gain Control of Bamut. Meanwhile the Seizure of Staryy Achkhoy Has Been Reported"]

[FBIS Translated Excerpt] [passage omitted] A session of the Chechen Internal Affairs Ministry on Friday [17 May] considered the question of ensuring the security of the Russian Federation president during this trip to Chechnya. According to Chechen Deputy Premier Abdulla Bugayev, thorough preparations are under way in the republic for Boris Yeltsin's visit. The deputy premier is confident that the president should meet in Groznyy with representatives of all forces interested in a peace settlement.

Meanwhile, in spite of Boris Yeltsin's firm assurances, his visit to Chechnya remains uncertain, primarily for considerations of political expediency. Some politicians, meanwhile, continue to express their views on this count. Moscow Mayor Yuriy Luzhkov believes that the trip is expedient only if field commanders can be assembled and seated at the negotiating table. At the same time he shares the concern of those in the president's inner circle who believe that Boris Yeltsin's trip to Chechnya involves a certain amount of risk.

President Murtaza Rakhimov of Bashkiria approved of Boris Yeltsin's intention, regarding the president as the sole person in Russia capable of putting an end to the war. Rakhimov noted that it is hardly prudent to focus attention on the separatists' threats to commit terrorist acts during the president's trip. The Bashkir leader expressed the supposition that, based on his visit to Chechnya, Boris Yeltsin might revise his peace plan, taking account of the actual state of things in the republic.

It also became known that Boris Yeltsin has been invited by North Ossetian President Akhsarbek Galazov to Vladikavkaz to take part in a summit meeting by the heads of state of the Transcaucasia and North Caucasus republics, krays, and oblasts, scheduled for 4 June. This is seen as a reason for yesterday's visit to Vladikavkaz, the capital of North Ossetia, by Russian Federation Internal Affairs Minister Anatoliy Kulikov. Officially, Kulikov was invited to take part in a celebration to mark the 30th anniversary of the first graduation at the Vladikavkaz Police Academy. (He himself is a graduate of that academy). It is said, however, that one reason for the minister's visit was to make security arrangements

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for the Russian Federation president's visit to the North Caucasus.

Russia: Yandarbiyev Comments on Yeltsin's Visit to Chechnya

LD1705155296 Moscow NTV in Russian 1500 GMT 17 May 96

[From "Segodnya" program by announcer Tatyana Mitkova]

[FBIS Translated Text] Dzhokhar Dudayev's heir [Zelimkhan Yandarbiyev] told journalists today what he thought of Yeltsin's visit to Chechnya.

[Begin Yandarbiyev recording] If this visit takes place, it can only be regarded as a tour of inspection by the commander in chief of the occupation; that's to say Russian forces in the occupied territory of Chechnya. This visit should be viewed as a challenge to the good will, which the Chechen side has been showing in recent times by agreeing to contacts with the Russian leadership. This is a challenge not only to the Chechen people but also to the whole Caucasus. The Chechen side does not plan special operations in connection with Yeltsin's projected, supposed visit, but it does not intend to guarantee anything either because that's pointless. As for the right and wish of any detachment and any Chechen to avenge the killing of their president, then no-one can take that right away or delegate it. It is the right and matter of honor of any honest Chechen. [end recording]

Russia: FSB Calls Chechen Leader's Statement 'Downright Lie'

LD1805173296 Moscow ITAR-TASS in English 1624 GMT 18 May 96

[FBIS Transcribed Text] MOSCOW, May 18 (Itar-Tass) — The Federal Security Service denied Chechen rebels' assertions that Russian special services are preparing some operation against President Boris Yeltsin during his upcoming visit to Chechnya.

Acting spokesman for the Federal Security Service (FSB) Aleksandr Zdanovich told Itar-Tass on Saturday that these assertions are "yet another portion of lies" that "(Chechen separatist leader Dzhokhar) Dudayev's propagandist (Movladi) Udugov" tried to impose on some news agencies and television channels.

"The public liaison centre of the Federal Security Service is bringing to the attention of news agencies, newspapers, television and radio the fact that the text transmitted by Udugov builds on a downright lie from beginning to end. To make his words look truthful, Udugov cites evidence given by a non-existent responsible official of Russian special services, by the name of Markin, who was allegedly captured by rebels in the last few days. The FSB public liaison centre informs journalists that the fact of captivity of the special service official does not correspond to the reality and that Udugov's statement should be considered as a Goebbels-like propaganda move," Zdanovich said.

Russia: Finance Minister Panskov Cited on Funds for Chechnya

MK1805115696 Moscow KOMMERSANT-DAILY in Russian 18 May 96 p 3

[POSTFACTUM report: "Finance Ministry Did Not Forget About Chechnya"]

[FBIS Translated Text] The funding of the Chechen Republic's economy from the federal budget is continuing despite Doku Zavgayev's claim that it has stopped, Finance Minister Vladimir Panskov stated yesterday. According to him, 700 billion rubles have been allocated to Chechnya from the federal budget since the start of the year. The main part of the sum has gone to subsidize the republic's budget, to pay wages and allowances, and to pay up debts to builders of the Ministry of Construction and the Agro-Industrial Construction Committee. However, Panskov admitted that these payments are "obviously less than what is needed." He confirmed that funds from the federal budget will be channeled, now and in the near future, to solve social problems.

Russia: Central Electoral Commission To Fund Chechen Elections

LD1805180596 Moscow Radio Rossii Network in Russian 1600 GMT 18 May 96

[FBIS Translated Text] President Boris Yeltsin has sent a letter to the Central Electoral Commission asking for organizational and financial assistance in holding the elections to the Chechen parliament, commission chairman Nikolay Ryabov told a news conference in Moscow today. He said that he had met Doku Zavgayev, the head of the Chechen Republic, and the chairman of the republic's electoral commission over this issue.

Ryabov expressed confidence that the parliamentary elections will take place all over Chechnya despite the fact that 5 percent of its territory is not under the government's control. In order to ensure voters' security, mobile polling stations will be used.

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Russia: Sagayev Cited on Latest Situation in Chechnya

LD1705213996 Moscow ITAR-TASS in English 1627 GMT 17 May 96

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY, May 17 (Itar-Tass) — Chechnya's south-western settlements of Bamut, Staryy Achkhoy and Orekhovo which have been abandoned by the local residents are becoming strongholds for the militants forced out of other settlements, Vice Premier of the Moscow-backed Chechen government Vakha Sagayev told Itar-Tass on Friday.

Up to 100 armed militants have reportedly converged on Staryy Achkhoy, Sagayev said citing sources in the federal forces command.

According to Sagayev, the situation can improve only when and if the residents return to their abandoned settlements and collaborate with the local law-enforcement bodies in forcing out the militants.

To this end, a new administrator of Orekhovo has been appointed, and those who are eager to return to the settlement have held a meeting, Sagayev said, refusing, however, to specify the concrete date of return to Bamut, Orekhovo and Staryy Achkhoy.

After the settlements are freed from the militants work will begin to clear the residential areas of landmines planted by the fleeing separatists, he said.

Then, the local administrators and Chechen law-enforcement agencies will take the situation under control and the Chechen governmet's special commission will estimate the damage and draw up a programme of restoration.

Russia: Chechen Commander Says No Peace Until Troops Withdraw

LD1705163496 Moscow NTV in Russian 1500 GMT 17 May 96

[From the "Segodnya" newscast]

[FBIS Translated Text] Evidently, the next point against which the federals will hold a large-scale operation is the village of Bamut. Our special correspondent told us that several air raids were made on Bamut today between approximately 0530 and 0700. We have this report from the scene of events.

[Begin recording] [Unidentified correspondent] The situation in the mountains of Chechnya near the village of Bamut remains tense. Aircraft bombed and strafed Bamut today as they have done for the past 11 months. Since the start of the war, Russian troops have stormed the village in vain. The last time was on 23 February. Since then, there have been no major direct assaults although bombardments and skirmishes erupt constantly along the line of contact.

Major Batayev, the military commandant of Bamut, whom all fighters in the district obey unquestionably, agreed to an interview in the village only in one of the shelters. As the commandant told us, no one in Bamut is expecting big changes for the better in connection with the presidential election.

[Batayev] I officially declare and I am not alone in this — everyone here agrees — that until the federals withdraw their troops, not one person here can be reconciled. Until the last soldier is pulled out there cannot be any apologies.

[Correspondent] But there is still hope here that this war might stop after 16 June, after all.

[Batayev] If reasonable people come to power and there is a change in command in the Kremlin, I think that they will have a rethink and end all this war to avoid unnecessary casualties.

[Correspondent] We were not allowed to film inside the village. No one can guarantee our safety here. Bamut is constantly fired at and bombed by aircraft and heavy artillery.

Russia: Preliminary Results of St. Petersburg Mayoral Election Summed Up

LD2005062396 Moscow INTERFAX in English 0609 GMT 20 May 96

[FBIS Transcribed Text] ST.PETERSBURG, May 20 (Interfax) — St. Petersburg's Electoral Commission summed up the preliminary results of Sunday's gubernatorial elections early morning today.

According to Aleksandr Garusov, commission chairman, about 80 percent of the ballots have been processed. Leading the polls is Mayor Anatoliy Sobchak with 28.8 percent of the vote, followed by his First Deputy Vladimir Yakovlev with 21.7 percent of the vote. Yuriy Boldyrev, deputy chairman of the Federal Auditing Chamber, is in third place with 16.8 percent of the vote.

Meanwhile, "the correlation of votes" in a number of constituencies indicates that the second round of elections, due to be held on May 26 with Sobchak and Yakovlev in contention may bring in unexpected results, Garusov predicted, reporting that in Kronshtadt Yakovlev collected 25.7 percent of the vote, where as Sobchak was only backed by 25.2 percent of the local electorate. The picture is about the same in Nevskiy,

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a St. Petersburg's major working district where 26.8 percent of the voters supported Yakovlev against just 24.8 percent for Sobchak.

But in Vasileostrovskiy district, Sobchak is surely in the lead with 33.3 percent of the vote against 19.6 percent of the ballots cast for Yakovlev.

The final results will not be announced earlier than 6 p.m. today.

Voicing satisfaction with how the polls have been going, Garusov said "they have proceeded calmly without major complaints."

Appearing on St.Petersburg television live around 4 a.m., Sobchak said "the correlation of votes is normal, indicating the city's adherence to democratic reform."

Russia: St. Petersburg Gubernatorial Race Examined

MK1805082696 Moscow KOMMERSANT-DAILY in Russian 17 May 96 p 4

[Report by Igor Arkhipov: "Struggle Will Ensue for Second Place"]

[FBIS Translated Text] Elections for governor will be held in St. Petersburg on 19 May. There is an abundance of those contesting the prestigious seat in Smolnyy: 18 people. Only one contestant stands any realistic chance of winning, the current mayor of the city, Anatoliy Sobchak. Although his popularity has taken a plunge over the last five years — and he could not, unlike [Mayor of Moscow] Yuriy Luzhkov, manage to become the real master of the city — forecasts say that 28 percent of the St. Petersburg people intend to vote for Sobchak.

Sobchak's attempt to rally the city's democratic forces around him failed. Having spoken in support of the mayor were the Peasants Party, the Economic Freedom Party, and the Democratic Party of Russia — which have little influence in St. Petersburg. An agreement on cooperation was signed by the city's Gaydar backers and the Christian Democratic Union. Nor did his vigorous use of anti-Communist rhetoric boost the mayor's authority. In addition to that, the attempt to put into the ring in the second round Sobchak and the Communist Yuriy Sevenard (debarring the democratic candidates) led to a drop in the mayor's popularity.

According to an independent analytical center, the second most popular man is Yuriy Boldyrev, deputy head of the city's Auditing Chamber, who won the right to become registered as candidate even if he did not live in the city long enough to qualify under the law. He is backed by 14 percent of the residents. Boldyrev does not have a specific program arguing that "it is only possible to understand what you have to do by being in power." Reform-oriented parties that denied their support to Sobchak (SvDPR [expansion unknown], PST [Workers Self-Government Party], "Common Cause," "Forward, Russia!") recommended to Boldyrev that he conclude an accord with the other candidates, and primarily with the former Petrosovet chairman Aleksandr Belyayev, the most widely known Sobchak opponent around the town. Curiously, it is Belyayev that Boldyrev planned to support failing his registration, according to KOMMERSANT-DAILY's information.

It became possible to create a semblance of a "third force" shortly before the elections. Its leader is Vladimir Yakovlev, first deputy mayor and head of the committee for the administration of municipal services. Behind him are 10 percent of the people of St. Petersburg. According to KOMMERSANT-DAILY's information, he enjoys serious support in Moscow where his backers are Vice Premier Oleg Soskovets and Mayor Yuriy Luzhkov. As part of his campaign, Yakovlev pushed the need for "improving life in the city" and proved a formidable rival to Sobchak in the use of posters, banners and newspapers. Having moved in under the roof of the "third force" were the disgraced Vice Mayor Vyacheslav Shcherbakov (a former rear admiral who is now "Rosvooruzheniye" general director in the Northwest and deputy of the municipal Legislative Assembly), and Igor Artemyev, head of the coordination group for budget and finances of the Municipal Assembly, and head of the local "Yabloko" branch (in sympathy with him are 1 percent of the voters).

Yet another gubernatorial candidate, Leningrad Oblast Governor Aleksandr Belyakov, has decided to run on an independent ticket. According to rumors, he is backed by the same circles in Moscow that back Yakovlev. Belyakov, whose candidacy — like Sobchak's candidacy — was approved by the NDR, does not think he undermines the president's positions: "The president also supports me. And it is yet unknown who follows a more pro-president policy — myself or Sobchak!" Belyakov's idea is to merge St. Petersburg and the oblast, where most of the city people spend weekends, and where it is possible to get ecologically pure provisions.

Assessed as unsuccessful has been the campaign by Vladimir Khodyrev, former chairman of the Lensovet executive committee, who is now president of the "Tetrapolis" science-and-industry association. In the meantime, representatives of center-left forces, which include the Communists, were originally going to gamble on Khodyrev who was supposed to symbolize stability of a socialist planned economy.

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The only candidate with no grand designs and hopes is the author Yuriy Shutov. Sobchak's former aide and author of the bestsellers "Sobchachye Serdtse" ["The Heart of Sobchak" echoing the title of Bulgakov's novel "The Heart of a Dog"], and "Sobachya Prokhindiada" ["Canine Crookiad" (as in Iliad)] wants only one thing; that is, to get into the limelight once again, especially before the publication of yet another scandalous book about the Smolnyy incumbent.

Russia: Sobchak Defeat Possible Pretext for Election Postponement

LD1905201596 Moscow NTV in Russian 1700 GMT 19 May 96

[From the "Itogi" program]

[FBIS Translated Excerpt] The governor of St Petersburg is being elected today. The mayor of the northern capital called these elections the dress rehearsal for the elections of the president of Russia. Anatoliy Sobchak said that if St Petersburg voted for reform today, that meant that the entire country would vote for Yeltsin on 16 June. [passage omitted]

One important question remains unanswered: If the elections for the mayor of St Petersburg could not be held on 16 June, on the same day as the presidential elections, why were they brought forward a month early? Why was that unequivocal, inconvenient decision taken? Why couldn't they have been postponed for a month, which would have been much more beneficial for the supporters of reform, especially if Yeltsin is successful on 16 June?

Won't the failure of Sobchak in the St Petersburg elections, should that occur, be the final argument of the special services in attempts to convince Yeltsin to think up a means to postpone the presidential elections?

Russia: Luzhkov Wins Mayor Competition, Calls For Yeltsin Support

LD1905182396 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1640 GMT 19 May 96

[FBIS Translated Troops] Moscow Mayor Yuriy Luzhkov has been declared the winner of the Russia-wide "Mayor of Russia-95" competition.

An Ekho Moskvy radio station correspondent reported from the Kremlin, where the results of the competition were announced, that in his speech Yuriy Luzhkov called upon all mayors of Russian cities to back Boris Yeltsin in the presidential elections.

Economic Issues

Russia: Yeltsin Orders Compliance With IMF Requirements

MM2005081396 Moscow ROSSIYSKAYA GAZETA in Russian 18 May 96 p 1

[Russian Federation Presidential Edict No. 721, "On Measures To Ensure the Transition to Ruble Convertibility," signed by President Yeltsin in Moscow on 16 May 1996, and carried under the banner headline "Kremlin's Sensational Salvo" and the general heading "President Boris Yeltsin's Edicts Published Today Restore Justice, Put the Ruble in World Orbit, and Provide a Boost for Army Reform"]

[FBIS Translated Text] With a view to reinforcing the positive trends in the Russian economy and creating the conditions for transition to full ruble convertibility, I decree that:

1. The proposal from the Russian Federation Government and the Central Bank of the Russian Federation on the adoption by Russia of the obligations imposed on IMF members by Article VIII of the IMF Articles of Association (Charter) and determining the convertibility procedure for the Russian Federation national currency in all types of day-to-day foreign-exchange operations shall be complied with.

2. The Russian Federation Government and the Central Bank of the Russian Federation shall make the necessary decisions to ensure that Russia meets the requirements stemming from these international commitments and to strengthen mechanisms for controlling operations linked with capital movements.

3. The proposal from the Russian Federation Government and the Central Bank of the Russian Federation to introduce a new mechanism for establishing the official ruble exchange rate shall be complied with.

[signed] Russian Federation President B. Yeltsin

[dated] Moscow, the Kremlin, 16 May 1996
No. 721

Russia: Central Bank Sets Dollar Exchange Rate

MM2005112096 Moscow ROSSIYSKAYA GAZETA in Russian 18 May 96 p 1

[Article by Aleksandr Velichenkov: "Ruble Freed. But Won't Get Far, Even on Sliding Scale"]

[FBIS Translated Text] As of yesterday the dollar exchange rate has been set by the Central Bank rather than being determined on the basis of trading on the Moscow Interbank Currency Exchange. Needless to say,

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[it will be determined] taking account of the inflation rate, current supply and demand for foreign exchange, and the state of the balance of payments and the gold and foreign reserves. And by 1 June the "band" limit of 5,150 rubles [R] will again be in force. The Central Bank has also announced the full range of rate variation — as of 1 July it will move within a band of R5,000-5,800 to the dollar, and by 31 December should be moving within a range of R5,500-6,100.

For most citizens this event will pass virtually unnoticed. By no means should they be rushing to buy foreign exchange. The introduction of this mechanism will provide full guarantees for citizens that their ruble savings will not be devalued by any "Black Tuesdays."

The Central Bank's promise that the dollar will move on a sliding scale in relation to ruble inflation also sounds encouraging for our exporters. To all intents and purposes it means that the ruble effectiveness of their foreign-exchange earnings will not deteriorate. This process has been in force throughout the years of reform, while inflation has been outstripping the rise in the dollar.

This measure does not complicate the position of Russian importers either. The approximate exchange rate at the date when they convert their ruble earnings will be virtually known. So there is no great point in including the risk of abrupt rate movements in the cost of imports.

The year which has almost passed since the exchange-rate band was introduced has demonstrated its very high effectiveness. The "banded" dollar has clearly borne down on inflation, which is expected to be less than two percent in May. It is these stabilization effects (ruble rate and inflation) that have allowed Russia to join Article 8 of the IMF Articles of Association, which presuppose free ruble convertibility for "day-to-day operations."

We would explain that this decision applies solely to noncash rubles, which can now be held in foreign banks, should other countries wish to do so. There are also new opportunities for foreign companies working in Russia without setting up a corporate body under our legislation (nonresidents).

But admission to this article of the Articles of Association does not mean that tomorrow you can travel to Paris with rubles in your billfold and exchange them for francs. One day that will happen, but not soon. First the ruble will have to be quoted and converted not only in Moscow (internal convertibility) but also in the main international financial centers (external convertibility). Only then will cash rubles start acquiring the features of a convertible currency.

Yet another favorable opportunity is opening up for our economy within the framework of these decisions. The simplification of ruble conversion operations will make it possible to raise considerable foreign-exchange resources through the short-term state bond-federal loan bond market. And increased demand for securities will automatically reduce their yield — something that the government and the Central Bank have been struggling to achieve for a relatively long time now.

Russia: New Ruble Peg Seen as Sign of Stable Low-Inflation Policy

MK1705140496 Moscow NEZAVISIMAYA GAZETA in Russian 17 May 96 p 1

[Report by Rustam Narzikulov under the "Prospects" rubric: "'Hand-Set' Ruble Exchange Rate Introduced in Russia. The President 'Inclines' the Currency Corridor and Strips the MISE of the Right To Determine the Value of the National Currency"]

[FBIS Translated Text] Starting today, a new mechanism for establishing the official currency exchange rate gets introduced into Russia.

From now on the Central Bank of the Russian Federation will announce every day at 1000 the ruble's dual exchange rate against the dollar — a daily mini-corridor of sorts. The gap between the lower and upper boundaries (bid and offer exchange rates) of the "mini-corridor" may not exceed 1.5 percent. Thus the range of the exchange rate's daily fluctuations (the spread) will stay within 75 percent.

Aleksandr Potemkin, deputy Central Bank chief, said in his interview for NEZAVISIMAYA GAZETA that the dual exchange rate has market origins, is mandatory in nature, and is underpinned by the Central Bank's contacts with "key operators on the interbank market."

Once the dual exchange rate is announced, the Central Bank announces the average currency exchange rate, which will represent the ruble's official value against the dollar, Aleksandr Potemkin said.

The main factor in determining the official exchange rate, Mr. Potemkin noted, will be "demand and offer on the interbank market." The Central Bank will also pay heed to the level of gold reserves.

The introduction of a new mechanism for establishing the currency exchange rate means that from now on the Moscow Interbank Currency Exchange [MISE] will lose its role as the "pace setter" with regard to the ruble's exchange rate against the dollar. It should be recalled that, until now, the Central Bank's official exchange rate was announced on the basis of daily trading

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sessions at the MISE. As Aleksandr Potemkin put it, the Central Bank will "decouple the official exchange rate" from the results of MISE trading sessions. Admittedly, the MISE lost the dominant role on the currency market nearly a year ago. After the introduction of a currency corridor and a tightening of the Central Bank's regulatory role at the MISE, which narrowed the exchange's speculative capabilities, commercial banks focused their currency operations mainly on the extra-exchange interbank market.

Now the Central Bank will determine the value of the Russian ruble against the dollar effectively "by hand." The market exchange rate on the interbank market — although it will be the key intelligence data for the Central Bank when announcing the official ratio for the ruble and the dollar — will not be the decisive factor for the Central Bank leadership's daily decisions. In principle, the Central Bank, proceeding from some crucially important state considerations, might well decouple the announced exchange rate from the market rates. It is another matter that the government will have to pay dearly for the abuse of state considerations — attempts at ignoring market trends are bound to cause the national legal tender's collapse.

The new currency mechanism was introduced by presidential edict signed early yesterday morning after Boris Yeltsin's prior meeting in the Kremlin with his economic adviser Aleksandr Livshits, First Deputy Prime Minister Vladimir Kadannikov, and Central Bank Chairman Sergey Dubinin.

The introduction of an "announced" exchange rate is a crucial development in the world of finances, whose consequences eclipse the importance of the currency corridor that was introduced a year ago. It should be recalled that the currency corridor, designed "to psychologically prepare" the population and entrepreneurs for low inflation, has caused no changes in the way the official rate was determined. The MISE then retained the role of key source of market information on currency exchange values.

The currency corridor, limiting the ruble's fall to 5,150 rubles per dollar, will be valid until 1 July. In the second half of the year the currency exchange rate will fluctuate between the boundaries of 5,000 and 5,600 rubles per dollar. By the end of the year the corridor will be lowered to between 5,500 and 6,100 rubles per dollar.

Although Aleksandr Livshits urged the relinquishment of the "corridor" terminology, suggesting that the currency corridor be called "simply a crawling currency exchange rate," this does not change the essence of the limits that were imposed on the ruble's market fluctuations a year ago.

The state still gives the economy and the population certain guarantees as to the fact that the value of the ruble will not go up or down beyond the boundaries set forth in the table of the corridor's daily lower and upper limits. Now the corridor has become "slanted" in nature. The slant's average value is 1.5 percent a month, which is slightly lower than the actual inflation rate. Therefore, the government and the Central Bank have assigned once again the role of an anti-inflationary psychological barrier to the currency corridor.

Another noteworthy phenomenon is that the reasoning and the logic of documents drawn up by government and Central Bank bureaucrats leaves absolutely no room for the factor of presidential elections. Even if one presumes that the government and the Central Bank are not entitled to have even a shadow of doubt as to the continuation of "reform policy," there is no guarantee that a difficult financial situation in the country will not prompt the next president to set his sights on "moderate inflation" (let's say, five percent a month). In this case, the delicate mechanism of establishing the currency exchange rate, devised by Russian specialists after consultations with foreign experts (including Mr. Fischer, a well-known economist and IMF deputy director) as well as through analysis of the experiences of other transition economies (Poland, Chile, Israel), may become an outstanding model of advanced domestic economic thought — but nothing more.

Russia: Gazprom Seen Behind Major Bank Stock Swap Plan

MK1705114496 Moscow KOMMERSANT-DAILY in Russian 16 May 96 pp 1, 6

[Report by Yuliya Pelekhova and Mikhail Loginov: "Vneshtorgbank and Imperial Could Swap Stock"]

[FBIS Translated Text] Early this week rumors spread in Moscow about the formation of a strategic alliance between two well-known Russian banks: Vneshtorgbank and Imperial. They are going to swap large blocks of shares. According to our sources, lurking behind this project is the figure of the largest client of the two banks: RAO [Russian joint stock company] Gazprom.

If the deal between Vneshtorgbank and Imperial comes off, it will become a 1996 sensation in the banking community. According to well informed sources, the idea to swap large stakes originates with the banks themselves, which have submitted a corresponding project to the presidential staff. Because more than 95 percent of Vneshtorgbank's stock belongs to the state, as represented by the Bank of Russia [Central Bank], the decision to change the makeup of Vneshtorgbank's

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stockholders is to be authorized by a corresponding statute: It is expected to come in the shape of a presidential edict.

Although the banks themselves initiated the deal, there is every reason to believe that a no less important motive force behind this process it their largest client: RAO Gazprom. The gas giant has currency accounts both with Vneshtorgbank and with Imperial, while Gazprom's assets make up a substantial part of both banks' liabilities. It is well known that Gazprom jealously looks after its money and seeks to have a controlling or at least a major stake in the banks that operate its accounts. Gazprom and its subsidiary Gazexport hold large blocks of stock and shares in several banks that handle the gas company's money. One exception is Vneshtorgbank, where Gazprom has nothing. We believe that this is the vantage point from which the upcoming deal between Vneshtorgbank and Imperial should be seen.

It has long been known that Gazprom wants to become Vneshtorgbank's shareholder. Talk about this began in mid-1994, when a project was promulgated whereby the gas concern was to buy 32 percent of Vneshtorgbank's stock for $170 million. That deal did not materialize, however. The reason, Vneshtorgbank Board Chairman Yuriy Poletayev has recently said, was the refusal by Gazprom, which thought that the offered block was not large enough.

Yet, to all appearances, Gazprom's inclusion among Vneshtorgbank's shareholders was simply postponed. If the gas company now returns to the old plan of buying one-third of Vneshtorgbank's stock, this package can be supplemented by the stock to be received by Imperial (whose largest stockholder is the very same Gazprom). Who then will control Vneshtorgbank? True, the procedure can also take a reverse course: First a swap of stakes with Imperial and then a cession of stock to Gazprom.

The banks will also benefit from mutual participation in their assets. Imperial will get access to substantial resources of Vneshtorgbank. Furthermore, Imperial could gain from the international rating and reputation of Vneshtorgbank, which will now be its largest shareholder.

Vneshtorgbank's interest can lie elsewhere. We will venture to suppose that Vneshtorgbank's Board Chairman Yuriy Poletayev has reason for concern. The fact is that when Sergey Dubinin became Central Bank chairman, a "change of the guard" began in the state-bank elite. Dubinin has placed his people not only in the Central Bank itself but also in banks controlled by the state. The first to go was Sberbank President Oleg Yashin, who was replaced by Dubinin's associate at the Finance Ministry, Andrey Kazmin. The next victim was Vneshtorgbank Board Chairman Anatoliy Nosko, who will most likely be replaced by Mikhail Kasyanov, also a Finance Ministry official. Thus, the last leader of a key state bank of the "Gerashchenko era" is Vneshtorgbank chief Yuriy Poletayev. There is food for thought, as the saying goes. If the "Gazpromization" of Vneshtorgbank goes ahead, however, the Central Bank will automatically lose control of this bank while Sergey Dubinin will apparently leave the post of Vneshtorgbank Council chairman.

True, there are quite a few obstacles in the way of the plan. First, the presidential election. Most observers agree that nothing will probably happen before the election. Second, there are vague rumors that the Central Bank leadership has reacted rather coolly to the two banks' initiative. So, the Bank of Russia can be expected to resist the move. Third and last, an obstacle can be encountered in very complicated relations between Imperial's two most important shareholders: Gazprom and Lukoil. It is not ruled out that Lukoil, which has almost the same stake in Imperial as Gazprom, can demand its share in Vneshtorgbank's capital. Furthermore, because Gazprom itself does not have a controlling share in Imperial, it is not clear how, for instance, Imperial will vote on matters pertaining to Vneshtorgbank's activity.

Thus far the banks themselves have refrained from comment. A senior Vneshtorgbank official, who asked that his name not be used, said Tuesday [14 May] that he knew nothing about the project. Imperial Deputy President Aleksandr Skvortsov also evaded comment by saying that the question should be discussed directly with Bank Board Chairman Sergey Rodionov, who is now in Luxembourg. Neither did people at Gazprom say anything definitive. It is noteworthy, however, that no denials have come from any quarters.

Russia: Russian Poultry Farming on Verge of Extinction

MK1805135896 Moscow SEGODNYA in Russian 18 May 96 p 2

[Report by Leonid Mikhaylov: "The Agrarian Opposition Has Entered Into Correspondence With the President and the Prime Minister. The Russian Poultry Farming Is on the Verge of Extinction"]

[FBIS Translated Text] Leaders of the unified agrarian opposition — Mikhail Lapshin, chairman of the Agrarian Party of Russia; Vasiliy Starodubtsev, head of the Agrarian Union; and Nikolay Kharitonov, head of the Duma group of the agrarians — jointly with Fedor Praksin, board chairman of the Poultry Farming Administration, have sent a message to President Yeltsin and

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Prime Minister Chernomyrdin. It is the severe situation in domestic poultry farming that has compelled the authors of the letter to turn to a dialogue, uncommon for the opposition, with the representatives of the party of power. In accordance with their forecast, unless urgent measures are taken, by late June (precisely in the period between the first and the second rounds of the presidential election) the Russian chicken farming will cease to exist. The reason is a difficult financial situation in the poultry industry, as a result of which the chickens are catastrophically losing weight. According to the authors of the letter, over the past five years, per capita production of broiler meat in Russia has diminished from 7.8 to 3.2 kg. To prevent mass death of poultry, the agrarian leaders suggested that the president and the prime minister settle the industry's accounts payable from the federal budget funds (700 billion rubles) and provide a budgetary loan of 1 trillion rubles for the purchase of fodder grain, mixed fodder, and protein additives.

Earlier, the agrarian leaders had suggested that the Government stop import of "Bush legs" and thus make Russian consumers support domestic poultry farming. This scenario, however, failed due to the amicable relations between the Russian prime minister and U.S. Vice President Albert Gore. Meanwhile, a compromise can be made that would be suitable for all of the conflicting parties, i.e., the Russian consumers, the agrarian lobby, Mr. Chernomyrdin's cabinet, and the U.S. producers of chicken legs. Domestic consumers will probably have nothing against the U.S. imports being sent, past counters, to fatten the Russian chickens instead of the lacking fodder grain and protein additives; as for the stores, these will be selling domestic broilers, stuffed with "Bush legs."

Russia: Economic Stabilization Seen as Fragile

MM1605151496 Moscow FINANSOVYYE IZVESTIYA in Russian 14 May 96 p 7

[Article by Andrey Belousov, laboratory chief at the Russian Academy of Sciences National Economic Forecasting Institute: "Economy Teetering Between All-Out Slump and High Inflation" — received via Internet]

[FBIS Translated Text] The economic situation in early 1996 may be unclear but it is, on the whole, looking very unfavorable as regards further development. There is no longer any room for "economic growth" scenarios, either in the second half or for the year as a whole. In practice we are facing two tough alternatives: Either the economy will be able to sustain its depressed stabilization, or there will be a further large-scale production slump and a surge in inflation.

A number of factors make it realistically possible to prevent a further production slump in 1996, to maintain output, and to keep inflation and consumption within the bounds of depressed stabilization.

By the end of the first quarter the decline in industrial output that had held sway since last September had been halted. Sectors producing energy sources, investment, equipment, and foodstuffs have been exhibiting signs of unstable depression. In the second quarter of 1996 energy raw material sectors and machine building could post limited production growth — one-two percent up on the previous quarter (stripping out seasonal factors), which would differ substantially from the four-six percent average decline over the two previous quarters.

Despite the increases in social payments and a moderately tough monetary policy, inflation remains within a band of two-four percent a month. Polls of enterprises carried out by the Center for Economic Conditions show that inflationary expectations among commodity producers are continuing to decline.

Despite the growing political uncertainty and a number of ups and downs on the short-term state bond market, the exchange rate mostly remains stable. The relationship between its movements and inflation is gradually evening out — at the start of the second quarter the rise in the exchange rate was 0.4-0.7 percent a week — virtually comparable to price rises. But unlike the situation at the start of 1995 total foreign reserves ($16 billion) are adequate to prevent any undesirable spontaneous fluctuations in the ruble exchange rate.

Finally, there has been a noticeable rise in the level of optimism on the part of commodity producers regarding the short-term economic outlook. According to polls of enterprises carried out by the "Russian Economic Barometer" group, estimates of anticipated production and demand dynamics in the second quarter of 1996 were approximately 20-percent up on the previous quarter.

But all these positive aspects of the situation are being outweighed by negative factors which could further destabilize the unstable economic situation in the second half, wreck depressed stabilization, and destroy production.

Despite production stabilization, the financial position of commodity producers remains very strained. Moreover, polls show that the bulk of enterprises are gearing themselves to the possibility that their financial position will deteriorate further. Production's cash resources have stabilized at a very low level (six-seven days), which is insufficient for the stable functioning of the real economy. Barter deals, which are having a destructive

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effect on the system of payment transactions, continue to grow.

Domestic end-user demand continues to decline, although at a slower rate than at the end of 1995. According to estimates, demand will fall by another one-three percent on the level of the previous period (stripping out seasonal factors) in the second quarter of 1996.

As a consequence of last year's poor grain crop (63.5 million tonnes were harvested), stocks at the start of 1996 were estimated at 54-55 million tonnes, which is 25-percent down on last year's level. Given that grain stocks are being depleted at a monthly rate of 7.5-8 million tonnes (through processing, consumption, utilization for seed, and so forth) and given the need to maintain minimum contingency grain reserves of 10-15 million tonnes, these resources will last five-six months. Thus, by the time we get to the new harvest, the grain shortage could be equivalent to three or four months' consumption, that is, 25-30 million tonnes, of which (given the increased flour and grain imports from the CIS) a minimum of 5-10 million tonnes will be covered solely by imports from countries of the far abroad.

Key Economic Threats

As a result of the exacerbating liquidity crisis and the deteriorating financial position of commodity producers, the threat of a further large-scale industrial slump, similar in scale to the slumps of summer 1992 and late 1993-early 1994, has increased. Under current conditions it will inevitably go hand in hand with waves of job cuts and a commensurate reduction in production volumes. The rise in unemployment could be 1.3-1.5 million.

The likelihood of this outcome to the current tension in the economy is as yet not very high, primarily as a result of the easing of the squeeze on end-user demand and a looser monetary policy. But the situation could change substantially if attempts were made to meet the framework restrictions on credit and monetary policy set by the agreement between the government and the IMF for 1996. Calculations show that in that event the real money supply would fall by at least two-three percent in the second half, and the proportion servicing day-to-day operations (transaction assets) would fall by 14-15 percent.

The fall in tax collection has sharply exacerbated the problem of financing state expenditure. Even in the unlikely case of tax revenue's getting back to normal by the middle of the year, budget execution in line with the planned schedule for state expenditure would increase the deficit from 3.8 percent of GDP (planned) to 5.7 percent. And if tax revenue fails to increase, the situation could become intractable: Even the largest possible reduction in state spending (to 24-25 percent of GDP, which is estimated to be the minimum permissible socially safe level for this year's conditions) would not push the deficit any lower than 6.5-7 percent of GDP. Then a "hole" of 65-70 trillion rubles [R] would form in the budget which in practice could be covered only by monetary resources, that is, through additional credit emission.

The fall in inflation in 1995 and early 1996 does not mean that the inflationary potential of the Russian economy has been sufficiently reduced. Ingrained factors giving rise to inflationary processes (the high relative cost of energy sources, the inefficient use of fixed capital and labor, and the lack of a correlation between the structure of production and end-user demand) have not disappeared and continue to operate. The decline in commodity producers' revenues remains commensurate with the decline in the rate of price rises for the output they produce. Hence, despite a certain margin of stability in the current inflation rate, the situation remains fluid. All it would take would be a tangible nudge from demand or a speculative increase in inflationary expectations for the price rise spiral to kick into action again.

Things are compounded by the fact that the mechanisms which at the end of last year moved inflation to a lower level will have weakened by mid-1996. As has been noted, the change in the exchange rate is synchronized with price rises. This fact, which is favorable from the standpoint of the competitiveness of commodity production and incentives for exports, weakens the mechanism for countering inflation. The potential of such rapid measures as a price freeze on energy sources — particularly for electricity — has been largely exhausted. At a time of mounting social tension (the decline in the population's real incomes in 1995 and the presidential election factor) the possibility of squeezing social payments as a counter to inflation is diminishing. Finally, the imbalance between state income and expenditure is becoming a powerful inflationary factor.

The combination of these factors could lead to a rapid rise in inflation in the second half. It is estimated that with a less favorable combination of circumstances inflation could rise to 7-10 percent a month by year's end.

The foreign-currency segment of the money market has been overheating since the start of the year. If the current trend persists, turnover on the foreign exchanges could grow four- or fivefold by the middle of the year. This would lead to a large outflow of funds from the short-term state bond and federal loan bond market, and

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this would hit particularly hard at the time when mass redemptions of previous issues of state securities fall due (June and August-September).

Calculations show that under this scenario there will be a sharply increased probability of a spontaneous collapse of the "large pyramid" of state securities. In that event real interest rates would increase to seven-eight percent a month. State debt would start growing automatically. It would grow by more than 10 percent a month in real terms. Control over the interest rates available on state bonds would be lost. The growth of actual spending on the servicing of domestic debt would take off.

Three scenarios reflect the main options for economic development in 1996 and are typified by the different reaction of economic components to key threats.

The Inertia Scenario

This compromise scenario relies most on the inertia of economic stabilization trends and to a certain extent would promote their reproduction and persistence. It includes the following main elements (premises):

— tax receipts into the state budget (profits tax, VAT, excise duty, and so forth) will resume in the second half. Taking account of the collection failure in the first quarter, this will make it possible to boost the annual volume of consolidated budget revenue to 24 percent of GDP (26 percent in 1995);

— the budget deficit will not exceed four-five percent of GDP in the second half. Borrowings on the domestic financial market and the receipt of foreign loans will make it possible to restrict the monetized section of the budget deficit to 1.5-2 percent of GDP. This will not have a substantial impact on inflation, which will remain at around two-four percent;

— on the basis of the results for the year as a whole the actual level of state expenditure on the national economy will stabilize at the 1995 level. This presupposes a certain increase in its share of GDP over the year, from 4-4.9 percent (1995 and 1996 plan) to 5.2 percent;

— the receipt of foreign-currency loans from the IMF and other international institutions and foreign governments will proceed in due course, in line with the timetable;

— a gradual reduction in the ruble exchange rate will be brought about (to the level of 90-100 percent of monthly inflation);

— real wages for those employed in commodity production will stabilize in the context of a slight (five-seven percent) fall in numbers employed.

Increased tax revenue will make it possible to pursue a looser budgetary policy that does not substantially go beyond the framework of the agreement with the IMF. This will make it possible to restrict the annual deficit to five percent of GDP and, at the same time, to ensure funding of the social sphere and administrative expenditure at approximately the level planned (as a percentage of GDP) as well as achieving the planned level of defense spending for 1996.

Soft-Landing Scenario of Inflationary Support for Production

In the event that tax receipts fail to increase substantially, the government will face the alternatives of either maintaining the level of basic government expenditure (gearing itself to increased inflation) or of cutting spending, but then facing an increased threat of a production slump. In the prevailing sociopolitical situation both options are probably equally likely.

The scenario of inflationary support for production includes the following elements:

— tax receipts into the consolidated budget in the second half of 1996 will remain low, in line with the first and second quarters;

— despite the rise in inflation and the decline in taxes, basic state spending (economic support through subsidies, social and defense spending) will be maintained at the planned budget level (as a percentage of GDP);

— the budget deficit in the third and fourth quarters should not exceed eight-nine percent of GDP as a result of diverting [sekvestirovaniye] funds from nonpriority state expenditure. This is the maximum figure possible while still preventing inflation from taking off;

— in the event that the restrictions laid down by the agreement between the Russian Federation Government and the IMF are exceeded, the receipt of further tranches of the EFF [Extended Fund Facility] foreign-currency loan will be halted;

— the dynamic expansion of the money supply will be accompanied by a fall in the ruble exchange rate, running ahead of price dynamics in the second half. This will support export-oriented sectors of industry;

— in the context of looser monetary policy payroll numbers will stabilize and there will be a rise in real wages (of 10-12 percent for the year).

Implementation of this scenario will see the budget deficit grow to eight percent of GDP. Hence it will

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inevitably require large-scale inflationary financing of the order of R140-150 trillion (five percent of GDP), which will produce a rapid rise in inflation. By year's end inflation will hit 10 percent a month, and prices will rise by 70 percent in 1996 as a whole. At the same time, the surge in inflation in the economy will be accompanied by a certain revival of industrial production by year's end, which will be reminiscent of the situation in the fourth quarter of 1992 and fourth quarter of 1994.

Hard-Landing Scenario of Bearing Down on Inflation

The hard-landing scenario means choosing the second of the aforementioned alternatives. In the event that tax revenue is not being successfully increased, state spending will be cut, inflation will be borne down upon, and as much foreign lending as possible will be used to fund priority needs. This scenario includes the following elements:

— as in the previous scenario, tax receipts to the consolidated budget will continue to be low in the second half of 1996;

— the budget deficit for the year will be restricted to the level envisaged by the agreement between the Russian Federation Government and the IMF and the Law on the Budget (3.9 percent of GDP). Taking account of the results of the first half-year, this means that the deficit should not exceed 2.5-3 percent of GDP in the third and fourth quarters;

— all state spending, including social and defense spending, will be made strictly dependent [budut sekvestirovatsya] on the revenue received by the budget;

— a key role in ensuring state spending will be played by foreign borrowings;

— at a time of tight monetary policy support for the short-term state bond and federal loan bond market will be ensured through the high yields available on state securities and the stabilization of the nominal ruble exchange rate (which will prevent capital from flowing into the foreign-exchange sector of the financial market);

— in the second half real wages will fall and there will be an acceleration in layoffs.

Implementation of this scenario will be accompanied by a consistent fall in inflation — to one percent by the year's end — with a sharp squeeze on state spending (by 22-24 percent in real terms, including spending on support for the economy by 20 percent, social needs by a third, and defense by more than 20 percent). The level of consolidated budget expenditure will come close to the lowest socially safe level (24-25 percent of GDP).

This will have a substantially negative impact on the already critical position faced by commodity producers. This in turn will inevitably result at the end of the year (in the fourth quarter) in a recession which could escalate into a wholesale production slump.

Main Indicators of Economic Development in 1996

	1996	1995	Scenario	Scenario	Scenario
		Official forecast	1	2	3
GDP:					
trillions of rubles	1,659	2,300	2,547	3,014	2,374
growth rate, percent	96	100	96	98	93
Gross industrial output:					
trillions of rubles	868	1,530	1,344	1,594	1,252
growth rate, percent	97	100	94	96	91
Retail trade turnover:					
trillions of rubles	553	840	871	1,013	840
growth rate, percent	93	98	98	100	97
Capital investment:					

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	1996	1995	Scenario	Scenario	Scenario
trillions of rubles	250	370	374	456	348
growth rate, percent	85	103	92	94	89
Consumer price index:					
Dec on Dec, percent	231	125	139.8	171.1	131.6
monthly average, percent	7.2	1.9	2.8	4.6	2.3
Budget deficit:					
trillions of rubles	54.7	88.6	126.3	232.4	92.5
as percentage of GDP	3.3	3.9	5.0	7.7	3.9
* = Forecast for 1996 used in compiling draft budget;					
Scenario 1 = inertia scenario;					
Scenario 2 = soft-landing scenario of inflationary support for production;					
Scenario 3 = hard-landing scenario of bearing down on inflation					

Article based on the latest issue of the report "Russian Economic Monitoring: Overall Trends and Outlook for Industrial Sectors" [Ekonomicheskiy monitoring Rossii: globalnyye tendentsii i konyunktura v otraslyakh promyshlennosti], Bulletin No. 7, 1996. The main material in the report will be published in the journal EKONOMICHESKOYE RAZVITIYE ROSSII.

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International Affairs

Ukraine: Foreign Minister Interviewed on CIS, Chechnya, Zatulin

MK1805131496 Moscow NEZAVISIMAYA GAZETA in Russian 18 May 96 p 3

[Interview with Ukrainian Foreign Minister Hennadiy Udovenko by Viktor Timoshenko: "Kiev's Balanced Position"]

[FBIS Translated Text] [Timoshenko] Mister minister, what issues is Ukraine raising at today's CIS summit?

[Udovenko] Ukraine has presented an initiative to resolve two important issues. First is the problem of deported peoples. Our concept is that countries of the Commonwealth should in one way or another take part in giving assistance and aid to deported peoples. We are interested in the financial aspect. According to official statistics, 300,000 Crimean Tatars, Bulgarians, and Armenians were deported by Stalin from Crimea. Today, Ukraine alone carries the financial burden of this difficult problem, whereas international cooperation is required. The second question which interests Ukraine is cooperation in the creation of a data bank on [current] events in CIS countries on the basis of the Russian INTERFAX news agency. Ukraine is not getting enough political, economic, scientific-technical, and cultural information from CIS countries. If there is no information, there is no development, dialogue, exchange of ideas.

[Timoshenko] Could you comment the statement by the head of the Chechen Republic Doku Zavgayev which he made at a press conference at Russia's Foreign Ministry to the effect that mercenaries from Ukraine are fighting in Chechnya on the opposition's side, which Zavgayev assessed as international terrorism.

[Udovenko] The Ukrainian citizens who fight in Chechnya are personally responsible for their unlawful actions. We still have the Soviet complex where the state was responsible for a person from the moment of his birth to the moment of his death. Naturally, the state felt guilty if its citizen committed a crime abroad.

If a Ukrainian citizen joins a fight in Minsk and provokes disorder there, he alone should be responsible under the law of the host country. If some people, let's even say Ukrainians, are fighting on the side of the Dudayevite formations based on their ideological or philosophical convictions, let them be responsible for their actions. A number of legal acts have been passed in Ukraine under which Ukrainian citizens who fight for money in another state shall be liable to stiff punishment under criminal law.

[Timoshenko] The problem does not lie, perhaps, in the state's legal responsibility, but rather in some moral obligations, the desire to stop the war in Chechnya.

[Udovenko] Ukraine's stance is balanced. We stated from the first days of the war in Chechnya: first, Chechnya is Russia's internal affair; second, the conflict should be settled through peaceful means.

[Timoshenko] The article "Ispytaniye Ukrainoy ["A Test by Ukraine"]," published in NEZAVISIMAYA GAZETA on 14 May, drew a mixed reaction in Kiev. Could you express your attitude to the ideas on Russian-Ukrainian relations outlined by the author of the material, Konstantin Zatulin?

[Udovenko] Konstantin Zatulin is persona non grata here in Ukraine. When the events of 26 April involving Ukrainian citizens in Minsk took place, I thought about Zatulin. We cannot be guided by a policy of double standards. Zatulin was breaking Ukraine's laws in Crimea, and our citizens in Minsk bear responsibility for their actions. We are not going to protect them. The actions of our citizens in Minsk and Zatulin's activities in Crimea can be equated. Konstantin Zatulin is a person with emphatically anti-Ukrainian views and, unwittingly, he expresses the mood of a certain group of Russian politicians. But it is not they who are determining the future of Russian-Ukrainian relations.

Ukraine: Russia Agrees To Compensation for Tactical N-Weapons

WS2005092496 Kiev INTELNEWS in English 0247 GMT 19 May 96

[FBIS Transcribed Text] Kiev, May 18 — Settling a major issue that has plagued relations between the two countries, Russia has agreed to give Ukraine $450 million in compensation for the tactical nuclear weapons it gave up for destruction after the collapse of the Soviet Union, Ukrainian news agencies said on Saturday.

According to published reports, Russian Prime Minister Viktor Chernomyrdin promised the money during a meeting with Ukrainian President Leonid Kuchma after Friday's summit of leaders of the Commonwealth of Independent States.

The reports said that the money would be offset against Ukrainian debts for supplies of Russian gas and oil. Ukraine's energy debts of about $4.6 billion, to both Russia and Turkmenistan, have been restructured several times.

After independence in 1991, Ukraine agreed to give up its share of the former Soviet arsenal of tactical and strategic nuclear weapons. The tactical weapons were sent to Russia for destruction within a year.

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Russia and the United States agreed in 1994 to provide $1 billion in compensation — mostly in the form of nuclear fuel — for the 1,800 strategic weapons, but has been trying ever since to receive compensation for the tactical weapons.

Ukraine: Romanian Senator: 'All Romanians' Want Lands Returned

AU1705182096 Kiev HOLOS UKRAYINY in Ukrainian 16 May 96 p 4

[Interview with Romanian Senator Valentin Gabrielescu by Anatoliy Martsynovskyy: "Let Us Share Our Territories Like... Good Neighbors — First paragraph published in a box]

[FBIS Translated Text] Senator Valentin Gabrielescu is an influential Romanian politician. He is one of the leaders of the National Peasant Christian Democratic Party, which holds 10 percent of parliament mandates. He is also a member of the Romanian delegation to the Council of Europe. Mr. Gabrielescu recently visited Kiev as a member of the Council of Europe commission. A HOLOS UKRAYINY correspondent had an opportunity to ask him several questions. It must be pointed out that the senator's ideas about the Ukrainian-Romanian relations are typical of an overwhelming majority of that country's political elite.

[Martsynovskyy] Mr. Gabrielescu, last fall, you spoke against Ukraine's admission to the Council of Europe. Could you explain the position you occupied at that time?

[Gabrielescu] I did not speak against your state's membership of the Council of Europe. In Strasbourg, I and the entire Romanian delegation voted "for." We have always had good relations, and it is now in Romania's interests to see Ukraine as a truly independent and democratic state. Romania never feared it. Danger always issued from Russia, which repeatedly occupied Romanian territories and presently maintains its 14th Army in the vicinity of both Romanian and Ukrainian borders.

[Martsynovskyy] Speaking about your statements on Ukraine, I did not mean the Council of Europe voting, but your speech at a news conference in Bucharest shortly before that voting. You stated that "Ukraine should not be admitted to the Council of Europe because it has a territorial dispute with Romania"....

[Gabrielescu] Indeed, I made a statement in this vein, but it applied to Russia and not to Ukraine. When there was voting on Russia's admission to the Council of Europe, I voted "against"....

(Authors comment: Mr. Gabrielescu seems to have "forgotten" a couple of things. The editorial board has a shorthand record of the news conference, held by the leadership of the Romanian National Peasant Christian Democratic Party on 11 September 1995. The Romanian senator expressed both the idea quoted above and some other "interesting" ideas as well. Moreover, after this interview, your correspondent made inquiries and found out that it was precisely V. Gabrielescu, who spoke against Ukraine's candidacy during the preliminary discussion at the Council of Europe Parliamentary Assembly. Though later, after Ukrainian diplomats launched their campaign behind scenes, the Romanian delegation changed its position, and V. Gabrielescu voted "for" and pointed out that "it will be easier to conduct talks on territorial issues with Ukraine as a member of the Council of Europe." Despite the fact that a state, which has territorial claim, cannot be a member of the council of Europe).

[Martsynovskyy] If I am not mistaken, your party comes out actively in favor of handing over parts of the Ukrainian Bessarabia and Bukovyna to Romania?

[Gabrielescu] It is not just my party, but all Romanians who want this. These territories were annexed by Russia in line with the Ribbentrop-Molotov Pact. That was why, at that time, Romania fought against the USSR to return those lands, populated by Romanians.

[Martsynovskyy] I would not like to indulge in a historical or legal discussion regarding those lands. But tell me: Do you, an experienced politician, seriously count on Ukraine giving Romania its territories some day?

[Gabrielescu] I really think so. However, it will only be with mutual consent and in conditions of good-neighborly relations. When Ukraine rises to its own feet and becomes a law-governed and democratic state, then, perhaps, a day may come when we will sit at a negotiating table and settle everything like good neighbors.

[Martsynovskyy] It is, however, hoped in Ukraine that the position of many political parties and of the Romanian Government on the "territorial issue" is dictated by the approaching fall parliamentary and presidential elections, and after them, a constructive bilateral dialogue will become possible....

[Gabrielescu] I do not think so. Our striving to return territories is not temporary. Just as Ukraine is concerned about the fate of Ukrainians outside its borders, Romania and Romanians are concerned and will be concerned about their people.

[Martsynovskyy] Does the present policy of the Romanian Government regarding Ukraine suit your party?

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[Gabrielescu] As far as I know, bilateral negotiations are under way, and a fundamental political agreement is almost ready for signing. There only remains one unresolved point — on the Ribbentrop-Molotov Pact. I believe that it is very difficult to mention this pact in the agreement: It is difficult for Ukraine to say "yes" and it is as difficult for Romania to say "no." There exist, however, other variants as well: For example, a joint declaration with regard to the pact that does not rule out discussing this question in the future, in conditions of normal relations.

[Martsynovskyy] What is your forecast: Will the agreement be signed this year?

[Gabrielescu] I hope that it will be signed as soon as possible, of course, along with the declaration I mentioned.

Ukraine: Supreme Council Speaker, Delegation Visits Finland

LD2005105996 Kiev UNIAN in Ukrainian 0800 GMT 20 May 96

[FBIS Translated Text] Helsinki — A Ukrainian parliamentary delegation led by Supreme Council Speaker Oleksandr Moroz arrived in Finland yesterday evening. A UNIAN correspondent reports that the delegation will visit Tampere today in order to study the town's experience of self-government and the work of the municipal council. There will be a meeting with the town's mayor and a visit to the (?Hermia) technology center and the (?Hannu Toivetula) farm in the town of Toijala.

During the visit, which will last until 22 May, Moroz will meet Finnish President Martti Ahtisaari; Finnish Deputy Foreign Minister Jaakko Blomberg; the leaders of the parliamentary factions; Culture Minister Claes Andersson, who is also the head of the Left Union Party; and Esko Aho, head of the opposition Finnish Center party, who is a former prime minister of Finland.

The delegation will leave for Latvia 22 May on an official visit.

Ukraine: Conference on Refugees Opens in Crimea

WS1705120696 Kiev UKRINFORM in English 1104 GMT 17 May 96

[From the "Current Events" feature]

[FBIS Transcribed Text] As UKRINFORM's Yalta correspondent reported on May 16, an international conference on legal protection and adaptation of migrants, refugees, and deportees in Ukraine has opened in Yalta. The two-day conference was jointly organized by the Verkhovna Rada [Supreme Council] Commission for Human Rights, National Minorities, and Inter-Ethnic Relations and the Ukrainian Representative Office of the United Nations High Commission for Refugees (UNHCR).

The conference will discuss the issue of protection of refugees within the context of development of a consolidated Ukrainian policy on migration, international experience in implementing measures on repatriation of deported members of ethnic groups to their historical homes, and the problems involved in adaptation and integration of deportees returning to Ukraine.

The conference will be attended by representatives of the UNHCR's Kiev office, Ukrainian Verkhovna Rada and Crimean Supreme Soviet deputies, representatives of the German Internal Affairs Ministry, and others.

Relevant resolutions are expected to be adopted at the end of the conference.

National Affairs

Ukraine: Defense Minister Against Destroying SS-24 Missiles

LD1805102196 Kiev UNIAN in Ukrainian 0850 GMT 18 May 96

[FBIS Translated Text] Moscow — "We do not have the technology for salvaging SS-24 solid-propellant intercontinental ballistic missiles," Ukraine's Defense Minister Valeriy Shmarov has told UNIAN, commenting on mass media reports that U.S. Defense Secretary William Perry will put forward an initiative to launch the process of destroying SS-24 missiles during his upcoming working visit to Ukraine in early June.

As is known, the head of the Pentagon will come to Ukraine to attend the opening of the Peace Shield-96 multinational exercises in the Carpathian military district (Lvov Region), due to be held from 1 to 10 June, with the participation of military subunits from 10 countries, including the United States, Russia, and Ukraine.

Nuclear warheads have been undocked from SS-24 carrier vehicles and are subject to removal from Ukrainian territory under the Trilateral Statement, signed by the presidents of Ukraine, the United States, and Russia.

The Ukrainian defense minister believes that SS-24 missiles, which were designed by Ukrainian specialists and equipped with the most sophisticated engines, should not be liquidated. "The potential in which the nation's money has been invested should not be destroyed," Shmarov stressed.

He said several options are currently being worked out as regards adapting SS-24 missiles for peaceful use, in

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particular for launching commercial satellites into orbit. The defense minister said "the space" project for the use of SS-24 missiles "is rather realistic and specialists are now working on it."

Ukraine: Admiral Criticizes Provocative Black Sea Fleet Statement

LD1805125596 Kiev UNIAN in Ukrainian 1050 GMT 18 May 96

[FBIS Translated Text] Sevastopol — Rear Admiral Mykola Kostrov, chief of staff and first deputy commander of Ukraine's Naval Forces, told correspondents that a statement by the Black Sea Fleet press center has evoked his surprise. The statement says, in particular, that the appeal by the Black Sea Fleet commander to overcome differences through a search for solutions at the negotiating table "evokes no response from admirals and generals within Ukraine's Naval Forces, who are continuing their policy of confrontation and of aggravating tension in relations between the two fleets."

Having described the statement by the Black Sea Fleet press center as being "totally unfounded and provocative", Kostrov stressed that the practice of maintaining relations between the commanders of the two fleets has of late proved that it is possible to have a constructive dialogue.

Meanwhile, Kostrov expressed regret about the fact that the official body of the Black Sea Fleet command "has made yet another awkward attempt to push through the conclusion that the two fleets cannot be based in Sevastopol."

Ukraine: Marchuk Stresses Need for New Constitution

LD1805152596 Moscow INTERFAX in English 1403 GMT 18 May 96

[FBIS Transcribed Text] KIEV, May 18 (Interfax) — The absence of a new constitution now represents the main obstacle to foreign investments in the Ukrainian economy, Ukrainian Prime Minister Yevheniy Marchuk said in an interview with Ukraine's Mirror of the Week weekly on Saturday.

Foreign investments are also hindered by unclear regulations concerning the relationship between the citizen and property, he said. Only the constitution is capable of clarifying this relationship, Marchuk added.

The absence of a new constitution spawns "centrifugal trends" in Ukraine, said Marchuk. "Differences between Kiev and the regions are increasing," he said, adding that it would be difficult to remove these differences without a new constitution.

"We need the constitution but not at any price," Marchuk said. The constitution's adoption should unify the nation rather than destabilize the situation in the society, he stressed.

Ukraine: Moroz Against Holding Referendum on New Constitution

LD1705220096 Kiev UNIAN in Ukrainian 1730 GMT 17 May 96

[FBIS Translated Text] Kiev — The most legitimate way to adopt the new Constitution is to have it approved by the Supreme Council of Ukraine, Supreme Council Speaker Oleksandr Moroz told a news conference today. He said that at present, there exist all grounds for this. Moroz said he "will spare no effort to ensure that the Constitution is adopted in a democratic way."

Moroz criticized the attempts to discredit the Supreme Council as a body that is incapable of adopting the Constitution. "A campaign for holding a referendum has been launched; however, no one knows the wording of the fundamental law to be submitted for the referendum," Moroz said. Moroz believes that it is "a rather risky affair" to hold the referendum in the current economic conditions.

Moroz said the involvement of the executive authorities in the constitutional process; in particular, the activities by Oleksandr Yemets, the deputy prime minister for political and legal issues, is unjustified. Moroz said the adoption of a Constitution "is within the remit of the Supreme Council rather than the Cabinet of Ministers."

Ukraine: Parliament Maneuvering Over Constitution

WS2005103496 Kiev INTELNEWS in English 0247 GMT 19 May 96

[By Oksana Hasyuk, INTELNEWS Staff Writer]

[FBIS Transcribed Text] Last parliamentary week ended on Friday with a statement by representatives of the Communist, Socialist and Peasant parties — groups which had been working in Parliament's special temporary committee formulating the draft constitution — that they disagree with the committee's methods and will insist on submission of their own draft.

According to Communist Hennadiy Dolzhenko, who read the statement, further work in the committee for those factions is "purposeless," because their rights "have been violated flagrantly."

Dolzhenko and his leftist colleagues are mad about committee rules which strip them of the proportional voting privileges they fought so hard to win.

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After a long floor fight, the left won the right to have six Communists — members of Parliament's largest faction — included into the committee, along with two deputies from every other faction. But the leftist victory proved pyrrhic, as the committee subsequently ruled that each faction, regardless of strength, would have only one vote.

According to Dolzhenko, two camps were created in the committee during work on the constitutional draft — one consisting of the right-center majority and another consisting of a minority of the committee's members. The minority — of which he considers himself a part — has prepared its own draft, which he says is also based on the draft the original Constitutional Committee co-chaired by President Leonid Kuchma and Parliament Speaker Oleksandr Moroz submitted to the Rada in March.

According to Moroz, the draft prepared by the three left factions contains more guarantees for social protection of the population, and its provisions on judicial power and local self-government are more clearly specified.

Moroz also said in this draft all forms of ownership — state, collective, municipal and private — are equal.

According to the Speaker, the majority of the committee working on the draft constitution failed to take into account not only proposals of the left, but also those of some right-center deputies who had lined themselves up against the president and his allies.

Moroz was also critical of what he said was high-level pressure for the constitutional ratification, noting that the formal period of nationwide mass- media. In addition, he was critical of calls for a referendum to ratify the constitution, which he said should occur only after Parliament efforts to accomplish the same goal.

But Presidential Chief of Staff Dmytro Tabachnyk said last week at a press conference for foreign journalists that the parliamentary committee will present its draft to Kuchma for his approval on Monday.

According to Tabachnyk, the adoption of the constitution by nationwide referendum will give it legitimacy, making it Ukraine's main political document protected from "political vibrations and influences."

Talking about a possible date for the referendum, Tabachnyk quoted Kuchma that Ukraine must have a new constitution by the fifth anniversary of its declaration of independence (August 24).

Moroz, holding his own press conference the day after Tabachnyk's, said that "Parliament has the ability and desire to pass the constitution and will pass it soon."

But Moroz clearly showed his opposition to the draft which is supposed to be submitted for presidential approval on Monday, while unequivocally declaring his support for the leftist alternative.

In taking such a stance, Moroz may be digging his own political grave as most right-center deputies — upon whose support he is partially dependent to retain his leadership position — are becoming increasingly convinced that he must be ousted before Parliament can pass the "democratic" constitution they desire.

Tabachnyk was specific: "The dismissal of Moroz from the post of Parliament Speaker will no doubt speed up passage of the constitution in Parliament," he said, adding quickly that he was speaking in an individual — rather than official — capacity.

"I am sure that dismissal of Moroz from the Speaker's position will create in Parliament a Ukrainian majority and will promote the normal work of the whole legislature, not only on the issue of the constitution," said Tabachnyk.

Deputies are prepared for this. According to Parliament Presidium source, the question of a Moroz ouster may be included into the coming week's parliamentary agenda. According to the source, more than 180 members of Parliament have already signed a petition calling for the Speaker's resignation — a number far in excess of the 139 votes necessary by regulation to force inclusion of a question on the agenda.

The only catch is finding a replacement. According to the source, while there are many candidates to take Moroz's place, it is very difficult to find a person who would be able to gain the support of Communists and Socialists.

Meanwhile, the Kuchma-supported media constitutional discussion is going on at the expense of Parliament's regular radio and television broadcasts. The State Television and Radio Committee Board recommended to the National TV company on Wednesday — one day after Parliament voted no-confidence in the committee's chairman, Zinoviy Kulyk, and National TV company head Oleksandr Savenko — that the company stop airing two Parliament programs — Tribune of Deputy Factions and Parliamentary Review — on second state TV channel.

Instead, the committee approved the company's proposal to hold in its Monday through Friday time slot a program called: Constitution of Ukraine: What It Should Be.

In addition, the National Radio Company eliminated parliamentary broadcasts on the first — most powerful

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— state radio channel and transferred them to the third channel.

But Parliament, anxious to start its weekend, failed to make a quorum in order to pass a resolution ordering the TV and Radio Committee to reverse its decisions.

A very interesting fact: State TV and Radio Committee officials said the new constitutional TV programs were introduced to execute Kuchma's decree on measures to facilitate the draft constitution. Parliament was thrown off the air right as it neared the final stage of approval of a draft constitution that would greatly reduce presidential power.

According to Serhiy Aksionenko, head of a special investigative committee appointed by Parliament to study abuses in the mass media, Ukrainian television and radio "are being usurped by executive power."

According to Moroz, it seems the executive branch "wants to pass the constitution by itself."

Ukraine: ZERKELO NEDELI Interviews Prime Minister

WS2005092796 Kiev INTELNEWS in English 0155 GMT 20 May 96

[FBIS Transcribed Text] Kiev, May 19 — Yevhen Marchuk made news nearly a year ago, when he was appointed Prime Minister on June 8, around the time the Constitutional Agreement between Ukraine's president and Parliament was signed. As the former head of the Security Service of Ukraine, the successor organ to the KGB, his appointment aroused both hope and concern, with those in favor arguing that he was in an optimum position to know what was going on in the country, while detractors voiced fears about a four-star general heading the government.

Now, as he approaches a year in office and the Constitutional Agreement nears expiration, he has become the center of attention for many of those dissatisfied with the policies of President Leonid Kuchma. Marchuk spoke recently with ZERKALO NEDELI newspaper and discussed his conflicts with Kuchma and his disillusionment with the present course of Ukraine's government.

Question: Last Monday night, UNIAN and INTERfAX-Ukraine published a quote from Leonid Kuchma: 'At the government meeting I warned everybody: if the work will be done the same way it was before, the country needs no government and ministers like these.' What's going on?

MARCHUK: The government Presidium meeting discussed problems vital for the further development of our economy and country as a whole.

Kuchma, at a meeting with members of Association of district councils, made the statement you are talking about. But, as far as I remember, the above-mentioned statement was made by the president neither at the Presidium meeting nor after it.

Question: Was this statement a surprise?

MARCHUK: When I agreed to be appointed prime minister, of course I did understand that it would create lots of problems personally for me. I realized that I would have to take many necessary, inevitable, unpopular decisions, which regrettably were not made earlier. Among these measures are bringing gas prices close to real costs, i.e., increasing tariffs and community payments.

I take criticism with attention and tolerance. The living standard of the people is low, wages and pensions are paid late. Not all know the true reasons for the current state of the economy and society. Although my moral burden is hard, it is normal for me to get critical comments. But, when recently, on this background, the government (and me, consequently), started to get accusations, having some populism in them, like the one the information agencies quoted.... I never expected this. Another strange thing was that the President both at the meeting and after it said that he is satisfied with the strict, business-like and constructive fashion, in which the meeting was lead. The fact that after this the opposite viewpoint appeared raises questions. Of course, I didn't expect to be treated like this, agreeing to be appointed as prime minister a year ago.

Question: Some time ago, attention was Kuchma's declaration on "dissidents" in the government. Many thought that this and another statement concerning "the government's last lesson" to be aimed at the prime minister. Will Ukraine's current government go under?

MARCHUK: I cannot rule out the possibility that the government will be lost to the political game. Dumping the government under the press of the political situation was used several times in our recent history. We know this, and the memories are fresh. The dramatic consequences of these actions are obvious. But I think that it is not going to work this time. An attempt can be made, but it won't be easy to finish the deal.

Question: Why?

MARCHUK: There are many reasons, and I would not disclose them at this point.

Question: During the past year, were there situations when you were planning to quit?

MARCHUK: No, I never got that feeling that I wanted to quit.

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Question: During your work, you never asked for additional powers. Why? Are you happy with your current powers?

MARCHUK: I didn't ask for additional powers not because I am satisfied or dissatisfied with the current ones. Additional powers are nothing without changing the whole structure, the way the power system works, especially the way it is done now. If I find out that Heorhiy Philipchuk is appointed acting Chernivtsi oblast governor from the radio, what can we talk about?

Question: Many note that you stepped away from public politics, went into economics and, notably, did not actively participate in the constitutional process. Why?

MARCHUK: It's true, I left public politics consciously. There were several reasons for me to do that. All this taught me that 'pure politics' take up too much time, stealing it from work.

Trust me, I myself feel how bad it is that we don't have the Constitution, both from a political and especially an economic point of view. Politics — an example is growth of centrifugal tensions in Ukraine. Economics — the whole layer of very complicated problems. Just one of them — property and the individual. This is a basic question, and only the Constitution can clarify all the issues. All of these high words I bring down to just one indicator — last year Ukraine got several hundred million dollars in investments, Poland got four billion dollars. Two major obstacles for investments to enter Ukraine are the unsolved problem — 'property and the individual' —and the lack of a Constitution. The rest — tax policy, insurance, etc. are secondary, tertiary...

Question: Why did you issue an order for law enforcement agencies to supervise privatization of some strategically important properties?

MARCHUK: By now, Ukraine is really close to full-scale privatization. The talk is about the objects of not only strategic importance, but also of those with the possibility to earn high profits. So, the deal is about the best pieces of the industrial pie. The experience of the countries which went through this earlier shows that this stage features great abuses; activity of the criminal community hits its peak. The latter understand that privatization allows the laundering of huge sums of the dirtiest money.

We have precise information on how some transnational companies moved in, privatized strategically important enterprises of neighboring countries, milked out these businesses in a year or two, bringing capital assets to an awful state, and just shut production down. Now, businessmen like these are trying to come to Ukraine and have their eye on enterprises producing highly liquid exportable produce. These are primarily chemical industry and metallurgy enterprises. Many would love to privatize as soon as they can, but I think it's not a case for a big hurry, as the plants are profitable. Then, we'll see.

Supervision and tax inspectorates are unable to control the situation. International conglomerates are involved, some of them are connected to criminal capital.

Ukraine: Cabinet Agrees To Provide State Support to Coal Industry

LD1805090796 Kiev Radio Ukraine World Service in Ukrainian 0700 GMT 18 May 96

[FBIS Translated Text] The Cabinet of Ministers has adopted a resolution on the state of affairs in the coal industry, and on the implementation of the Ukrainian president's decree on structural reorganization of the coal industry.

The resolution says that the Ministry of Coal Industry has done some work to fulfil the tasks set out in the president's decree. In order to improve the state of affairs in the industry, the Government's resolution stipulates that the coal industry and coal mining enterprises require state support. The Ministry of Coal Industry, the Ministry of Finance, and the National Bank of Ukraine have been instructed to assess, within one month, the financial and economic situation in the industry, in particular the situation at coal mining enterprises, and to determine the amount of losses they incur. They are to submit proposals to the Cabinet of Ministers on allocating 35 trillion karbovantsi from the state budget to finance coal extraction within the volumes envisaged for 1996.

Ukraine: Crimean Tatars Mark 52d Anniversary of Deportation

WS2005095196 Kiev INTELNEWS in English 0247 GMT 19 May 96

[By Lilya Budzhurova, "Special to INTELNEWS"]

[FBIS Transcribed Text] Simferopol, May 18 — More than 20,000 Crimean Tatars jammed Simferopol's central square Saturday, marking the 52nd anniversary of their forcible deportation from Crimea and urging support for Chechens fighting for independence from the Russian Federation.

The day's actions began early in the morning, when leaders of the Crimean Parliament and government laid wreaths to the hundreds of thousands of victims of the deportation, following this up with prayers.

The entire Crimean Tatar community of 180,000 was deported on dictator Josef Stalin's orders in cattle trains

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beginning on May 18, 1944. About 250,000 have since returned, most to face poverty and homelessness.

Like fellow Moslem Chechens in the Transcaucusus, also deported en masse on suspicion of collaborating with the Nazis, most Crimean Tatars were taken to Uzbekistan and other regions in and around Soviet Central Asia. Tens of thousands died.

People at Saturday's rally waved Ukrainian, Crimean Tatar, Chechen and green Islamic flags as well as placards saying "Ukrainian citizenship - to Crimean Tatars," and "No way to inter-ethnic conflict in Crimea."

As was the case at last year's rally, there were slogans in support of Chechnia and portraits of Chechen leader Dzhokar Dudayev, recently reported killed in a Russian missile attack. Flags were held at half mast to honor those died during the Chechen war, both Russians and Chechens.

A group declaration harshly criticized "the pro-communist Ukrainian Parliament, which refused to consider the issue of citizenship for Tatars' as well as Crimean Parliament, which did not pass the law on Restoration of Rights of those deported."

Adalet Party leader Server Karimov, speaking against Kiev and Simferopol, said: "We have to do our best to revive a really independent and democratic Ukraine, in which the right of peoples to self-determination can be fulfilled."

Deputy Crimean Parliament Speaker Rafat Chubarov speaking on destructive role of Ukraine's Communist Party, said: "Crimean Tatars today will not allow the restoration of the communist regime, which committed crime against our people."

In an address to the president and Parliament of Ukraine, the United Nations and the Organization for Security and Cooperation in Europe, the Tatars said they were "sticking to the principle of non-violence and hoping for revival of the Crimean Tatar people within the framework of the independent and democratic Ukraine." Among the demands submitted to Kiev by the statement were protection of Tatar interests in the new Ukrainian constitution, the granting of Ukrainian citizenship to the deported, increased aid for Tatar resettlement and restoration of historic Tatar place names.

Kiev's 1996 budget allocates KBV3.6 trillion (about $19 million) for the resettlement of Tatars and other deported peoples.

Ukraine: Sevastopol Rally Demands Redress for Crimean Tatars

LD1805225696 Kiev UNIAN in Ukrainian 1435 GMT 18 May 96

[FBIS Translated Text] Sevastopol — A rally marking Deported Nations Day adopted an appeal to the Ukrainian president, Supreme Council, and the local government with several economic and political demands.

The rally urged them to speed up the passage of a law restoring the rights of Crimean Tatars, Armenians, Bulgarians, Greeks, and Germans deported from Crimea 52 years ago; provide equal conditions for the Crimean Tatar language at schools, on television and radio; and ensure Crimean Tatars participation in government and managerial structures.

The rally was attended by members of several Ukrainian political and public organizations.

According to the city Department for Deported Nation Affairs, around 5,000 Crimean Tatars currently live in the Sevastopol area. The city allocated 40 billion karbovantsi for the resettlement of repatriated deportees last year, when 700 billion karbovantsi was required. In 1996, the city plans to spend 80 billion karbovantsi, given an estimated need for 1.8 trillion. Some 1,000 Crimean Tatars are unemployed, and none have been assigned a plot within the city area since 1992.

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Belarus

Belarus: Foreign Policy Concept Based on Belarus Having No Enemies

LD1705180196 Moscow INTERFAX in English 1645 GMT 17 May 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MINSK, May 17 (Interfax) — Under its foreign policy concept, Belarus does not consider a single country of the world as a military enemy, Belarussian Deputy Foreign Minister Mikhail Khvostov told Interfax.

The document has been submitted to the Belarussian president for approval.

The concept reflects Minsk's intention to "develop partnership in the areas of security and nonproliferation of nuclear weapons with all major military powers of the world, primarily including Russia, the United States, China, Germany, Great Britain and France," Khvostov said.

The concept clearly says that Belarus has no intention of engaging in any confrontation with any international "center of power," he said. Belarus believes that in creating the mechanism for international security in the 21st century "nobody can or should be isolated from the decision-making process concerning the future of the entire world," Khvostov said.

Belarus' foreign policy is multifaceted and well-balanced, he said, adding that however Minsk sees the development of comprehensive relations with Russia and other CIS member states as a priority.

Belarus is interested in the CIS' transformation into a "full-fledged universal regional organization with an integrated economic potential and a unified legal space," Khvostov said, adding that the CIS member countries should also coordinate political efforts.

This will help to broaden the traditional markets where Belarussian products are sold and will create propitious conditions for mutual capital investments, he said.

The concept also provides for creating a "belt of good-neighborly relations" that Belarus sees as a new effective mechanism for cooperations with neighboring Latvia, Lithuania, Poland, Russia and Ukraine, Khvostov said. This goal can be achieved through the signing of "a full package of treaties and agreements regulating all aspects of bilateral relations," he said.

Another priority of Belarussian foreign policy is the development of relations with East Europe and West Europe, Khvostov said. Belarus will concentrate on both the development of bilateral relations, in particular with Germany, Britain and France, and integration or cooperation with such international organizations as the OSCE [Organization for Security and Cooperation in Europe], the Council of Europe, the West-European Union and the European Union, he said.

Minsk pays special attention to cooperation with the U.N. as with "the only universal organization," Khvostov said. Belarus will contribute to raising the efficiency of the U.N., the concept reads.

Belarus will also focus on the development of relations with North American and Latin American countries, including the United States, as well as with Africa and the Pacific region, Khvostov said. In particular, Minsk is especially interested in enhancing mutually beneficial political and economic cooperation with China, Japan and India, he said.

Belarus: Minister: NATO Expansion May Affect CFE Treaty

LD1705152896 Moscow INTERFAX in English 1411 GMT 17 May 96

[FBIS Transcribed Text] MINSK, May 17 (Interfax-West) — The proposed NATO eastward expansion may affect the implementation of the Conventional Forces in Europe (CFE) treaty, Belarusian Deputy Foreign Minister Andrey Sannikaw told Interfax Friday.

Sannikaw had backed holding talks to review the treaty, "to adapt it to the new geopolitical conditions," at an international conference on this issue.

He said "these talks will help preserve and reinforce vital control over the proliferation of armaments."

In particular, he proposed the CFE treaty be opened to all OSCE member-states.

"If real disarmament remains the business of a limited circle of countries, it will be premature to speak of comprehensive security in Europe," Sannikaw said.

At the same time, he stipulated that the financial capabilities of CFE signatories should be taken into consideration as the arms controls are updated.

"Belarus has made much more effort and [spent more] funds on arms reductions than many prosperous states," he noted.

Under the CFE treaty, Belarus has destroyed 1,873 tanks, 1,441 armored vehicles and 133 combat aircraft, he said.

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Belarus: Iran To Supply Belarus With Oil in Barter Deal

LD1805151796 Moscow Mayak Radio Network in Russian 1500 GMT 18 May 96

[FBIS Translated Text] Belarus has gained access to Iranian oil, the ARGUMENTY I FAKTY news agency reports. This sensational announcement was made by Mikhail Marinich, Belarusian minister of foreign economic relations. The exact amounts to be supplied are not yet being specified. It will be a barter arrangement, with Iran paying in oil for valuable engineering equipment, chemical fibers, and fertilizers. These two states could conclude a trilateral deal with Russia, across whose territory the oil will be transported.

Moldova

Moldova: Tiraspol Official Views Russian Army Pullout, Assets

AU1805190496 Chisinau BASAPRESS in English 2211 GMT 16 May 96

[FBIS Transcribed Text] Tiraspol 16/5/1996 (BASA-press) — The Dniester-based Russian prompt reaction troops might become a guarantor for the agreement on the Dniester conflict settlement, Vladimir Atamanyuk, vice chairman of the Tiraspol Supreme Soviet, was quoted as saying by the newspaper DNESTROVSKAYA PRAVDA.

Touching on military talks between Moldova and Russia, Atamanyuk said Russia might lose "the possibility to influence upon the situation in the Balkans" if the Russian troops leave Dniester.

He also said that Tiraspol is categorically against the transfer of part of the Russian military equipment to Chisinau.

Atamanyuk said in 1992 Chisinau got its share from the military equipment of the former Soviet troops and used these weapons during the armed conflict.

"Does not common sense suggest it is simply dangerous to give armament to Moldova?" said Atamanyuk. He said Dniester insists upon direct talks with Russia about the assets of the Russian troops.

"Russia's position is not unequivocal, it negotiates with Moldova, which is a subject of international law. But, I believe, all parties to these talks will eventually have to take into account Dniester," said Atamanyuk.

At the ordinary round of Moldovan-Russian military talks held on 6-7 May in Chisinau the parties debated the Russian troops' assets, but did not adopt any concrete document.

The Dniester delegation did not answer to the invitation to participate in the talks.

Moldova: Chisinau To Accept Any Form of Autonomy for Dniester

LD1705195596 Moscow INTERFAX in English 1720 GMT 17 May 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Chisinau cannot make concessions on issues of principle at the talks with Tiraspol, Victor Josu, Moldovan President Mircea Snegur's political adviser, told a briefing Thursday.

He said Moldova is prepared to accept any form of the status of Transdniester as an autonomous area. Josu named the sovereignty, territorial integrity and preservation of Moldova's borders, as well as single Constitution, currency, foreign policy, army and security agencies, as the issues of principle for the Moldovan authorities.

Petru Dascal, Moldovan presidential foreign policy adviser, told the briefing that a meeting between top Moldovan and Transdniester officials Tuesday failed to bridge the sides' differences on principal issues of a provisional memorandum on Transdniester settlement. He recalled that the document was earlier expected to be signed at the Moscow CIS summit with participation of the talks' mediators from Russia, Ukraine and the OSCE [Organization for Security and Cooperation in Europe] mission.

In the past few months, experts actively worked on a draft memorandum on basic principles of relations between Moldova and Transdniester. However at the latest meeting Tiraspol returned to its previous stand which envisages division of authority between Chisinau and Tiraspol as equal subjects of international law.

Anatol Ceobanu, Moldovan presidential legal adviser, told the briefing that Snegur is satisfied with the parliamentary debate of his address on the repayment of pension and wage debts. The president hopes that parliament and the government will find resources to repay these debts, said Ceobanu.

Commenting on the parliament's recommendation that all information on corruption available to the president be passed over to law-enforcement agencies, Ceobanu said the presidential staff has no investigative commissions accumulating information about corruption. He also said that all information on legal violations, which is sent to the president, is forwarded to the prosecutor's office and other agencies concerned.

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Moldova: Presidential Advisers Brief Press on Dniester Talks

AU1605181596 Chisinau BASAPRESS in English 1930 GMT 15 May 96

[FBIS Transcribed Text] Chisinau 15/05/1996 (BASA-press) — The memorandum on the principles of settling relations between Moldova and Dniester, designed as a temporary political document in the process of adoption of a special status for the Eastern districts, will not be signed on May 17 in Moscow despite earlier intentions.

According to the presidential advisers who held today a press conference, Chisinau authorities do not agree to the Tiraspol leaders' demand for concessions that run counter to the principle of territorial integrity, sovereignty and territorial inviolability.

Commenting on terminological concessions admitted by Chisinau such as "state-territorial formation" for Dniester, adviser Victor Josu said this is part of the negotiating tactics and does not contravene the general options of Chisinau which announced a year ago that it is ready to grant Dniester a special status within the Constitution.

According to Josu, as was the case with Gagauzia, localities will have to decide by referendum to enter the Dniester autonomy.

Adviser Anatol Ciobanu said President Snegur was satisfied with the parliamentary debates over his message on arrears and expressed hope that Parliament will figure out a way to solve the extremely urgent problems.

Ciobanu said the president is ready to start a referendum on people's confidence to the government unless the cabinet pays up all arrears. He said Snegur's insistence upon cabinet reshuffles is not an end in itself but a means to streamline government performance.

The advisers made public the agenda of the May 17 CIS summit which will be attended by President Snegur.

According to presidential adviser Petru Dascal, Chisinau will not sign the agreement on CIS collective troops participation in peacekeeping operations in Abkhazia and the border guards cooperation agreement on insurance of inviolability of CIS borders.

Moldova: IFES-Moldova Organizes Roundtable on Electoral Law

AU2005105996 Chisinau BASAPRESS in English 2050 GMT 17 May 96

[FBIS Transcribed Text] Chisinau, 17/05/1996 (BASA-press) — The Moldovan Office of the International Foundation for Electoral Systems (IFES-Moldova) today organized a roundtable on presidential elections law with political parties and non-governmental organizations.

IFES-Moldova will make a study of the presidential elections law which will include various views and will offer it to anyone interested from Moldova or abroad.

Dorin Tudoran, IFES-Moldova director, told BASA that the foundation provided the parliament with commentaries, suggestions and recommendations on the law prepared by foreign experts on the basis of information about Moldova furnished by IFES.

"Though at this stage we do not know exactly the details about all modifications to the law, we may state unfortunately, the law has sufficient weaknesses of concept, formulation and of other nature to raise one of the harshest disputes," said Tudoran.

He said from the text of the law it was not clear whether local observers representing NGOs would be accredited during presidential elections.

"We think it is to nobody's advantage to create the impression that certain parliamentary factions do not approve of the institution of local observers," said Tudoran.

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Kazakhstan

Kazakhstan: Nazerbayev News Conference in Moscow

LD1705194496 Moscow INTERFAX in English 1720 GMT 17 May 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Nursultan Nazarbayev on Thursday gave a news conference at Interfax headquarters in Moscow. Below is a detailed account of his answers to questions.

A four-nation treaty on closer economic and humanitarian integration signed by Belarus, Kazakhstan, Kyrgyzstan and Russia last March cannot be joined by any other member country of the Commonwealth of Independent States (CIS) before the accord is put into practice, Nazarbayev said.

"We ought to see what comes of the treaty in the end," he said.

Nor did the four-nation coordinating body, the Interstate Council, consider accepting any new members at its meeting on Thursday, the president said.

He said the four countries' presidents had approved a joint economic and humanitarian plan for a period until September this year.

"Kazakhstan, Russia, Belarus and Kyrgyzstan have a higher (mutual) integration level than that which exists in the CIS as a whole, and we must confirm our aspirations by practical work," he said.

Commonwealth states can be further integrated with each other only if all of them are absolutely equal and there is no threat to their independence or territorial integrity, Nazarbayev said. Yet "nobody can stop" integration. There may also be "other levels of integration," such as that between Russia and Belarus.

In a transitory period, something through which Kazakhstan and other new independent states are going today, the success of reforms to a considerable extent depends on the executive branch of government, including the president, Nazarbayev said.

"The head of state must act as an arbiter who stands above all branches of government," he said, adding that in a transitory period one should be careful "to keep the cart from turning over as it turns round."

He said he had had a tete-a-tete meeting with Russian President Boris Yeltsin during which they discussed, in addition to Caspian Sea problems, internal Russian affairs.

Specifically, they talked about whether Yeltsin should carry out his plan to visit Chechnya. "My advice was that he should go if there were any decisions that could be made there," Nazarbayev said. The visit will make sense "if there is a chance to meet (representatives of separatist) fighters, give them safety guarantees and sit down at the negotiating table with them. Maybe this can be done not in Chechnya but somewhere nearby."

"If (separatist leader Dzhokhar) Dudayev is really dead," one should find out "who is his real successor and with whom one must negotiate," Nazarbayev said.

He reaffirmed his readiness to mediate in the settlement of the Chechen crisis. But he said no offers to give him such a mission had yet come either from either Moscow or Chechnya. He said the president of the Russian republic of Tatarstan, Mintimer Shaymiyev, had announced he was ending his mediatory mission.

"It is reforms in Russia that the future of the CIS countries depends on," Nazarbayev said, going over to another subject. For this reason the presidents of Commonwealth countries "have the right to express the desire that democratic reforms in the Russian Federation continue."

"I personally see the future only as the continuation of reforms in Russia. Twice in this century have our peoples gone through terrible destruction - this was in 1917 and 1991. A third time this will be a catastrophe for everybody," he said.

He also said reforms in Russia, which "has always been a locomotive for CIS countries in this respect," met Kazakhstan's interests.

But "personally I am not against the Communists," he said. "We will respect any choice the people of Russia will make, but the main thing nevertheless is what will happen after the election."

Speaking about a meeting he had had with 13 Russian bankers and businessmen who, in a statement entitled "To Come Out of the Impasse," recently urged candidates for the post of Russian president to look for a compromise, Nazarbayev called their position "sensible."

There is "much (that) impresses" him about the statement, he said. He said the statement called for stability and national conciliation and that its authors "do not attack either one side or the other, they have capital and people and, given favorable circumstances, can influence the course of reforms."

Nazarbayev said he and the statement authors had also discussed what Russian business needed to operate in

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Kazakhstan. "Russian and Kazakh capital must work for integration," he said. The Kazakh government is going to give serious support to private, icluding banking, capital, and, unlike the Belarussian government, has no plans to enlarge its share in banking capital, he said.

He said Kazakhstan had legislation that could support the private sector and stimulate the inflow of foreign capital: a tax and civil codes, and laws on foreign investment, gold, oil, mineral resources, land and mortgage had recently been approved.

He also said his country had stabilized its financial situation: inflation had gone down from 1,258 percent in 1994 to 60 percent in 1995, this year's target being 30 percent and next year's between 10 and 12 percent.

He said Kazakhstan planned to bring the proportion of private enterprises from 68 to 80 percent and embark on the intensive denationalization of large enterprises in the iron and steel, oil and gas and engineering industries. He said a "minor privatization" program - privatization of retail trade and housing - and coupon-based privatization had been completed. In addition, 22 enterprises had been handed over to foreign investors for provisional management, among them the Karaganda Iron and Steel Plant, the biggest enterprise in the industry, the Pavlodar Aluminum Smelter, the Yermakovskiy Ferroalloy Plant and the Sokolovsko-Sarbayskiy Ore Dressing Plant.

Nazarbayev said that in the next century Kazakhstan would become one of the world's biggest producers and exporters of oil and natural gas. He cited the latest data, which put the country's oil resources at 30 billion tonnes instead of 12 billion tonnes which was an earlier estimate.

He said a pipeline to run from Kazakhstan's oil fields to Russia's Black Sea coast would serve the country's oil export purposes until the year 2010. "This is the cheapest and most effective project, which will make it possible to export 10 million tonnes of oil a year during the first stage and subsequently 45 million," he said.

He expressed approval of an international oil consortium set up in Azerbaijan, saying it would enable Kazakhstan to annually transport up to 10 million tonnes of oil to Baku.

He said Kazakhstan was currently also looking at other possible pipeline routes - across the bottom of the Caspian to Baku, through Iran to the Persian Gulf or through Afghanistan and Pakistan to Karachi on the Indian Ocean.

Nazarbayev said Kazakhstan believed CIS countries should coordinate their export policies. He expressed support for a proposal by Russian Prime Minister Viktor Chernomyrdin for setting up a single oil export control body, similar to the Organization of Petroleum Exporting Countries.

Kazakhstan: Kazakh President on CIS; Meeting With Yeltsin

LD1805163796 Moscow NTV in Russian 1535 GMT 17 May 96

[From the "Hero of the Day" program]

[FBIS Translated Text] [Announcer Yevgeniy Kiselev] "Hero of the Day" is on the air again. This is Yevgeniy Kiselev in the studio. Good evening. Today's main event was the meeting of the CIS heads of state in Moscow. The main topic discussed at this meeting was Russia's future. The CIS heads of state adopted an unprecedented statement on this question, a statement in support of the continuation of democratic reforms in Russia. This statement was unanimously viewed by everybody as, effectively, a statement of support for Yeltsin at the upcoming presidential elections. President of Kazakhstan Nursultan Nazarbayev addressed this topic in his speech to the Kremlin gathering. A few hours after this event Nursultan Abishevich gave an interview to our program in his Moscow residence.

[Begin recording] [Kiselev] Nursultan Abishevich, today's meeting of the Council of CIS Heads of State adopted a special statement in support of the democratic process in Russia. This statement, which you read out at the session, does not directly mention the name of Russian President Boris Yeltsin, but already everybody is viewing this statement as direct support for the president at the presidential elections on 16 June. Do you agree with this assessment?

[Nazarbayev] Not only do we share a common history with Russia, but in recent years the course of reform in our countries has followed a similar course. A very great deal depends on what direction politics take in Russia. If I were to be asked, I would recommend people to look not to an individual name and personality, but to the program, to what is proposed. We have all read the manifestos. Ever since the Duma adopted its notorious decision to annul the Belovezhskaya Pushcha Agreement, statements by the leaders of the parties have been examined attentively in all the CIS states. We presidents, who are at the same time politicians, have the obligation to react to this and to voice our opinion. This is perfectly normal, particularly since we are together in a commonwealth. In this connection, I should like to say that in Russia today, it is not a matter of electing a man bearing a certain name, but of choosing a course: Will the democratic and economic reforms that are currently under way be continued, or will these reforms be halted

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and will a new path be offered, will everything be first of all destroyed to its foundations and then something else put in its place?

[Kiselev] What alarms you most? You mention alarm and concern. What alarms you most, as president of Kazakhstan?

[Nazarbayev] Yesterday I had a meeting with the Group of 13 at their invitation. You remember the well-known statement that a group of 13 leading Russian businessmen, ones who have a certain amount of capital and influence the economic situation, issued. I was told that today, 76 percent of Russia's economy is no longer in the state sector. Millions of people work there, who will not want any fundamental review of the results of privatization and reforms and will not want all this to be nationalized and reversed. That means these people will put up resistance, there will be a class approach, and what will happen is that the whole of Russia, multi- ethnic Russia, will be destabilized. All the regions will start to worry only about themselves, just as in 1989-1991, and there will be great chaos in Russia. Since the peoples of the former Soviet Union live together, and have common interests, this chaos will spread throughout the whole expanse of the former Soviet Union. Nobody in the world wants one-sixth of the world to be the scene of disorder that will impact on the social situation in the world. That is what worries us.

[Kiselev] These 13 leading Russian bankers and entrepreneurs, who recently issued that famous, that now famous letter, the ones you had a meeting with — basically they were asking Russia's leading politicians to agree on some kind of compromise and, furthermore, to find a way of translating this compromise into legal reality. What do you think about this? Is such a thing possible?

[Nazarbayev] I am impressed by this statement. I am sympathetic toward it. Furthermore, I support what this statement stands for. Why do I say so? I believe that the Russian public knows me quite well. Throughout the years of perestroyka, and after perestroyka, I advocated integration, proper integration among our states, and will continue to do so — integration on the basis of equality, respect for each state's sovereignty and independence. All of these states will move closer to each other on a voluntary basis, expressing the wishes of their peoples, because this is what the peoples aspire to. In the statement issued by the 13, I particularly like the references to political stability and peace, above all in multi- ethnic Russia. They point out — and they are right, I am aware of this too — that half of the marriages in Russia are interethnic ones, and half of the children are born out of interethnic marriages. You cannot get rid of these people. And yet we are hearing slogans about great power chauvinism, about the exclusive rights of one particular nation. That is what is so frightening.

I am also very pleased that in these complex conditions these businessmen are calling for consensus, for agreement. This impresses me very much. At precisely this period of time, when natural regulators that extinguish conflict situations in society still do not exist, politicians must reach agreement with each other.

[Kiselev] Agreement on what? What could Yeltsin and Zyuganov agree on specifically?

[Nazarbayev] There is the main question. All the politicians should agree on the future of Russia, on the Russian people. If all approach things from this point of view, I think they will find things to agree on. But if somebody is dead set on securing some post, he should realize that there is only one presidential post, and 15 people cannot all be president. In the end only one of them will be president. In other words, if a political movement or party wants to occupy a certain position, office, or post in this society, this could probably be agreed on too, so that they can influence the state of affairs, backed by that section of the electorate that supports them.

[Kiselev] Yesterday you had a private, one-to-one meeting with Boris Nikolayevich Yeltsin. What did you discuss? It was said that mainly you discussed domestic Russian issues, in addition to the Caspian problem. Can you talk in more detail about this?

[Nazarbayev] If I were to say that I could tell you everything, it will be dishonest of me, dishonest toward you and those who are listening to me. But I can give you a specific reply to this question. Let us acknowledge that of late, especially during the last year, the process of integration in the CIS has proceeded more dynamically precisely because of the position taken by the Russian president. That is the first thing. Is it not an achievement that in Shanghai our five states signed an agreement on confidence- building measures along the 8,000-km border, something that the Soviet Union and Czarist Russia never managed to do. These are great issues.

Good progress is now being made in resolving the set of problems in the Caucasus, including in Georgia, Nagorno-Karabakh and, I hope, in Chechnya. But people with eyes to see should notice that in the economy too people are changing psychologically. They are beginning to realize that reforms are only just — people have only just begun to get away from the idea of dependence, and this is good.

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So, when Yeltsin asked for my advice, I said that he should do his utmost to meet and hold talks with the political forces and their leaders and reach agreement on the future of Russia and its people. They must reach agreement and find a common language. Such are the times we are going through. I do not think there is any alternative.

[Kiselev] What about Chechnya? I believe you also discussed Chechnya.

[Nazarbayev] We discussed Chechnya and his visit to Chechnya. I consider that this visit should only go ahead if there is some point to it. If Yeltsin manages, for instances, to invite all the field commanders, the leaders of all the groups of fighters, to guarantee their safety, maybe in the presence of UN or OSCE [Organization for Security and Cooperation in Europe] representatives — I do not know who might guarantee this. If they were to come, they could reach agreement in Yeltsin's presence, after which stability could return to this region. Speaking about Chechnya...

[Kiselev, interrupting] In other words, these are basically direct talks.

[Nazarbayev] These are direct talks. If such a thing were to take place, then probably there is some point in him taking the risk and going there. If this does not come about, what point is there in him going there, flying there, then flying back?

[Kiselev] Is that what you told Boris Nikolayevich?

[Nazarbayev] That is what I told him.

[Kiselev] How did he react?

[Nazarbayev] Well, he listened to what I had to say and said that he will bear my views in mind. No doubt he is receiving advice on this from others as well as myself. In other words, any visit, any action must have some final purpose that makes it worth taking any risk. But, generally speaking, Chechnya and all the events there are of course terrible. Let me take advantage of this opportunity — no doubt I should express my greatest condolences to all those who have lost innocent friends or relatives, in huge numbers.

[Kiselev] Did you get the impression that Yeltsin is psychologically ready to sit down for direct negotiations with representatives of armed anti-Russian detachments in Chechnya?

[Nazarbayev] Well, I got the impression — not only an impression, we discussed this in detail. I think that Yeltsin is today to a high degree ready for any contacts and meetings if this will yield positive results.

[Kiselev] Not for nothing am I asking you this. As you know, for a long time he refused to countenance the idea. He said outright that it was impossible for him to sit down at a negotiating table with Dudayev.

[Nazarbayev] I think that his aides and advisers, including perhaps some in the power-wielding structures, persuaded him that there is some other way of proceeding by which the problem could be resolved without his participation. Today it is clear that absolutely every avenue should be explored, including his own participation, in order to resolve this war once and for all.

[Kiselev] Nursultan Abishevich, Boris Nikolayevich has named you as one possible intermediary at indirect talks with the Dudayevite side. As far as I am aware, you have stated your willingness and readiness to play this role.

[Nazarbayev] Perhaps I should tell you some things that may not have been mentioned before. In December 1994, before this war began, I found myself in Moscow. At that time some kind of ultimatum on Chechnya was being prepared. The Chechens were being told to settle up or the military will start an operation. At that time, almost two years ago, I suggested that maybe some kind of mediation will help to avoid war. This is what I said. Why did I say this? No doubt you all know that 400,000 Chechens and Ingushes were deported from the Caucasus to Kazakhstan during the war. Subsequently most of them returned, but 40,000 or 50,000 Chechens still remain in Kazakhstan. As I now see, today's leaders, even those fighters, as we call them, are people who were born in Kazakhstan. They were brought to Kazakhstan in goods vans. They had nothing with them. They were awakened at night. They had to leave all they owned behind. But the Kazakhs accepted them in Kazakhstan and gave them shelter. They survived, they grew up, studied, and became educated people. Although they returned, they are grateful to Kazakhstan. They naturally regard Kazakhstan as their second homeland. This diaspora has made approaches to me. I considered it my duty. Naturally I felt I should take part. It was for precisely this reason that I offered my services if this was needed.

I was thanked for expressing my views, but at that time I was told that there was no need for this.

[Kiselev] That was in December 1994.

[Nazarbayev] In 1994. But, clearly, other forces convinced him to adopt the approach that was finally taken, which one can only regret now. But I do not propose here to accuse anybody of anything either. History is such [words indistinct]. But now, if Dudayev is dead, and President of Tatarstan Mintimir Shaymiyev also regards his participation in this as pointless — that is what

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he has now said. I have not been approached by Russia. Admittedly, I do not know how I might take part. But I can say that if this will help bring an end to the war there, I am prepared to become involved. However, I have no idea how to approach this problem.

[Kiselev] Who to hold talks with?

[Nazarbayev] Who to hold talks with. I consider that, if I am to start some kind of movement in this direction, to become involved in this, there must be an official request from Russia or from the Chechen side.

[Kiselev] But now, in our interview, you are nevertheless saying, officially as it were, that if there were to be such an approach, you are prepared to start a mediatory mission.

[Nazarbayev] Of course. Yes. I would, for instance — if there is an organized force, some kind of organized leader whom we believe to be coordinating all actions on the Chechen side, if I had an opportunity to contact him through my agents or directly, even in a third country outside the CIS, I will be ready to bring Russia's proposals to that person and to convey the Chechen side's proposals to Russia, to try to do something. But such proposals have not been made to me yet.

[Kiselev] Even during your one-to-one meeting with Yeltsin yesterday?

[Nazarbayev] No, that was not discussed.

[Kiselev] Well, the presidential elections were of course discussed.

[Nazarbayev] Of course.

[Kiselev] Is Boris Nikolayevich confident of victory?

[Nazarbayev] Well, all Russians are familiar with his declaration, that he is confident.

[Kiselev] Well, such statements are made for public consumption. But you had a one-to-one meeting with him. I know that you cannot tell us everything. Such are the rules of the game. But, nevertheless, what was your impression?

[Nazarbayev] I believe that the situation is rather complicated. I do not believe that the Russian voters, ordinary people, vote for this or that candidate. The reason is that there have been excesses in this perestroyka period, the period of reforms. People are having a bad time, pensions and wages are not paid on time. Whether we want it or not, loss-making enterprises have to fire workers. Unemployment is growing. People in general are naive. They think that if the power changes and someone else comes to power, their life will take a turn for the better tomorrow.

Take the integration process: Ordinary people believe that life will get better the day after presidents have met and signed the agreement. Things do not happen like this in life. A new leader is never better than an old one. That is the thing.

Anyone who now comes to power today, with all sorts of promises, can do nothing in Russia today except more rapidly move forward reforms so as to improve people's life. Do you understand this? One would like the ordinary Russian people not to be deceived again, the third time this century.

[Kiselev] Nursultan Abishevich, thank you very much your answers.

[Nazarbayev] Thank you too. [end recording]

Kazakhstan: New Anti-Monopoly Chairman Sets Out Strategy

LD2005111196 Almaty PANORAMA in Russian 17 May 96 p 10

[FBIS Translated Text] The chairman of the Kazakh Anti-Monopoly Committee has submitted "a program of action" of his own. Nikolay Rodostovets, chairman of the Committee for Anti-Monopoly and Price Policy [CAMPP], gave his first news conference in his new post on 14 May.

He was laconic in his assessment of the committee's "previous" activities and "future" plans. However, the journalists received a tract entitled "The Anti-Monopoly Committee: A Program of Action" in which Rodostovets did not hesitate to "cast a glance" at his predecessor [Petr Svoik].

The head of the committee thinks that results of the anti- monopoly activities would be far more notable if the CAMPP strived to implement its decisions more resolutely, even through the courts. However, Petr Svoik spent his energy on heading several parties and public and political movements.

As far as one can remember, at the time of the previous head, there also were efforts to settle monopoly problems through court cases. Very few cases were won, and in the course of proceedings, the committee was faced with such administrative difficulties that at one time it became involved in revealing the shortcomings of the court system.

As became known, Rodostovets has his own view on anti-monopoly work, which "will not change from the strategic point of view, but will be closer linked with the government program of action and current tasks being solved by the heads of administration in the provinces." Such a position supposes constructive cooperation with

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the Ministry of Economy, the Ministry of Finance, the State Committee for the Management of State Property, the State Privatization Committee, and other central executive bodies.

It is intended to publish in the press 15 days before the beginning of each quarter forecasted changes in prices of produce and services provided by enterprises that are natural monopolists. It is planned to carry out monthly monitoring of prices in the monopoly (power, railway, telecommunications, pipelines, and so on) and competitive goods markets. It is envisaged to finish the inspection of the self-supporting activities of state enterprises.

The committee is also to intensify work on concluding inter- and intra-sectorial price agreements (excluding barter), to work out and put into effect a procedure to define tender prices in carrying out work funded from the state budget, and to work out a mechanism for the anti-dumping control of export prices with the Ministry of Economy and the Customs Committee.

In the view of Rodostovets, prices should be liberalized in all competitive sectors. This will happen after they are demonopolized. In addition, the committee's chairman is planning by October to liquidate all forms of subsidies to enterprises and communal services, to toughen control over expenditures in the power industry, and to strengthen the coordination of activities among territorial [local anti-monopoly] committees.

According to Rodostovets' "oeuvre," it is necessary not only to ensure adoption by parliament of the new wording of the laws "On Development of Competition and Limitation of Monopoly Activity" and "On Protection of Consumer Rights", but also to prepare new draft laws "on natural monopolies" and "on unfair competition" in order to improve the committee's performance.

At the news conference, the government resolution dated 13 May "On Demonopolization of Housing and Communal Economy and Regulation of Payments for Housing and Communal Services" was considered. The document was prepared by the Committee for Anti-Monopoly and Price Policy after an inspection of the structure of exploitation expenditure and rent in a number of towns and settlements. It has been revealed that huge amounts of money are collected from consumers allegedly to cover "exploitation expenditures"; it is very difficult to control use of this money within a monopoly structure. Today's communal services are immense and awkward multi-functional economies with loss-making plants for processing solid waste and a costly social sphere. As a result, consumers have to pay for the social expenditures of the communal service sector, which is in conflict not just with the legislation on protection of consumer rights but also with market principles.

In accordance with a government resolution, rent payments to housing management committees are to be canceled from 1 July 1996. The anti-monopoly specialists think that this decision will lead to housing management committees re-registering as independent economic entities and that, along with this, housing cooperatives will be set up; and it is needed to speed up adoption of a housing code in order to ensure that they work in accordance with requirements.

In its turn, the CAMPP with the Ministry of [Residential and Industrial] Construction has prepared a draft government resolution on regulation of the mechanism of creating housing cooperatives, by which they will be given a the status of owners of the housing.

Tajikistan

Tajikistan: Rakhmanov Blames Uzbekistan for Initiating Conflict

LD2005105296 (Clandestine) Voice of Free Tajikistan in 0600 GMT 20 May 96

[FBIS Translated Text] Emomali Rakhmanov, the head of the Dushanbe government, has said that Uzbekistan, and especially President Islam Karimov of that country, is the main initiator of the conflict in Tajikistan. Emomali Rakhmanov expressed this view during a meeting with Butros-Ghali, the UN secretary general, which was held in Moscow two days ago.

The head of the Dushanbe government told Mr. Butrus-Ghali that Russia remains as before the envoy of peace in the region. However, Uzbekistan is deliberately making attempts to aggravate the situation in Tajikistan.

Experts say that Mr. Rakhmanov's bitter words once again show his loyalty to the Kremlin. However, he is maintaining the existing distance between himself and Karimov, as he would undoubtedly receive the same [criticism] from the opposing [Uzbek] side.

Tajikistan: Rakhmanov Urges Resumption of Dialogue With Opposition

LD1705164396 Moscow INTERFAX in English 1558 GMT 17 May 96

[FBIS Transcribed Text] MOSCOW, May 17 (Interfax) — Tajik President Emomali Rakhmanov, meeting with U.N. Secretary-General Butrus Butrus-Ghali in Moscow Friday, called for a resumption of the dialogue between the Tajik government and the opposition as soon as possible, Tajik presidential spokesman Zafar Saidov told Interfax.

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Rakhmanov said Dushanbe is prepared for "constructive" talks, despite attempts on the part of the die-hard opposition to thwart the peace talks, Saidov said.

Rakhmanov drew Butrus-Ghali's attention to the fact that Tajik opposition units, composed not only of Tajiks but of foreign mercenaries as well, had violated the Tehran ceasefire agreement by launching a large-scale offensive in the Pamir foothills on May 9.

He said the government has control of the situation in all the regions of Tajikistan, despite the fact that government troops had to leave the town of Tavil Dara "in order to avoid civilian casualties."

Rakhmanov said the government is prepared to prolong the ceasefire agreement for the entire period of talks with the opposition.

He reiterated Dushanbe's interest in a more active involvement of the international community in the restoration of peace in Afghanistan.

Tajikistan: Dushanbe Authorities Seen Trying To Impose News Blackout

MK1705121996 Moscow NEZAVISIMAYA GAZETA in Russian 17 May 96 p 3

[Report by Oleg Panfilov: "Situation Continues To Worsen"]

[FBIS Translated Excerpt] Attempts to impose a news blackout with regard to developments in the republic are very revealing about Dushanbe officials — especially their recent attempts. According to an NTV television company report, on the personal instructions of Minister of Culture and Information Bobokhon Makmadov, an NTV correspondent was banned from transmitting a report [to Moscow] on events in Khodzhent and Ura-Tyube.

Such actions on the part of the authorities are clearly prompted by their desire to prevent the dissemination of news they do not like, especially ahead of the meeting of CIS heads scheduled for today in Moscow, where they will discuss the latest developments anyway.

In the meantime, the opposition leader, Said Abdullo Nuri, forwarded a message to Boris Yeltsin via the Russian Ministry for CIS Affairs reiterating his stance on the inter-Tajik conflict. He writes, in particular, that the "Tajik opposition has proven to be a political force that was supported by the population during the troubled days of the anti-people action of the GKChP [State Committee for the State of Emergency]. Responding to its call, tens of thousands of people turned out in defense of the democratic processes that you, in person, respected, Boris Nikolayevich [Yeltsin]. Quite a number of young Tajiks joined your supporters outside the White House at that time." The letter also mentions those who, to Mr. Nuri's mind, hindered a political settlement in the republic. He cites "certain Russian military-political circles" that assisted in staging the 1992 parliamentary coup in Tajikistan; notably, "Andrey Kozyrev and his team," and, in particular, Deputy Foreign Minister Albert Chernyshev, who once stated — as he met with a delegation of the opposition in Iran's foreign ministry in the wake of the opposition's protest against the decision to hold unlawful elections of the parliament and president and to pass the Constitution — "Boris Nikolayevich Yeltsin tasked [us] with holding a referendum and elections. And hold them we will...." [passage omitted]

Tajikistan: Opposition Demands Removal of Russian Talks Officials

LD1805113096 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 18 May 96

[FBIS Translated Text] In a special statement on the latest events in Tajikistan, the Tajik United Opposition have expressed their support for the widespread rallies by the people against Rakhmanov's policy. The statement says that the only way to attain peace and national reconciliation and to extricate Tajikistan from the severe crisis is to create a Council of National Reconciliation and a coalition government.

Likewise, the Tajik United Opposition demands that officials of the Russian state in the Tajik talks, including Babrak Karmal, the former adviser to Aleksandr Orlov, Albert Chernyshev, a Russian deputy minister of foreign affairs, and Myechislav Senkevich, that country's ambassador to Tajikistan, should be dismissed from their posts in the Tajik talks. The aforementioned officials caused the failure of the fifth round of Tajik peace talks in Ashgabat with their mercenary and undesirable activities.

Tajikistan: Opposition Agrees to 3-Month Cease-Fire Extension

LD2005064696 Moscow ITAR-TASS World Service in Russian 0548 GMT 20 May 96

[By ITAR-TASS correspondent Oleg Kuzmin]

[FBIS Translated Text] Tehran, 20 May — The leadership of the Tajik opposition has declared their readiness to extend the temporary cease-fire agreement for another three months. The opposition blamed Emomali Rakhmanov's government for continuing hostilities. "At the request of the UN envoy in Tajikistan, we have agreed to another extension of the agreement on the condition that it should work and not be used by

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Rakhmanov as a screen to make him look like a peacekeeper," Haji Akbar Turajonzoda, deputy head of the opposition, has told ITAR-TASS in Tehran.

Tajikistan: Government Dismisses 70 Law-Enforcement, Regional Officials

LD1905121896 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 19 May 96

[FBIS Translated Text] According to reports received from (?a high-ranking official) of the Interior Ministry, the regime has sacked more than 70 officials of law-enforcement bodies and heads of districts and towns from their posts. Many of them are from Kulyab, the same area as President Emomali Rakhmanov.

One correspondent of Payk-i Khorasan [this program] says that the leaders of the regime, who were quite certain before that they could [word indistinct] everything in the structure of the state by pressure, are now unconditionally meeting all of the people's demands.

Tajikistan: Participants in Khodzhent Rally Reportedly Number 12,000

LD1805155396 (Clandestine) Voice of Free Tajikistan in 0600 GMT 18 May 96

[FBIS Translated Text] According to reports, protest rallies against the regional policy of President Emomali Rakhmanov of Tajikistan have been continuing in Khodzhent for a sixth successive day. The unity of [word indistinct] and the number of participants in this rally are increasing, and they have reached 10,000-12,000. The participants in the rally on 17 May demanded that Emomali Rakhmanov, who was at the summit of the CIS heads of state in Moscow, should fly to Khodzhent and settle their demands.

People in various towns of Leninabad Region are demanding the dismissal of the unworthy countrymen of the president [residents of the southern Kulyab district] from local interior and security posts; the suspension of the sixth department [special police department] in Leninabad Region; and the removal of the Presidential Guard from Khodzhent.

The unrest in Leninabad Region has troubled neighboring countries. Officials in Uzbekistan and Kyrgyzstan are keeping exit and entry routes at all their border points with Tajikistan under the strictest control. The entry of cars from Tajikistan into these two neighboring republics has been stopped. Border and custom posts have been reinforced with paramilitary police troops.

Tajikistan: Presidential Guard Commander Addresses Khodzhent Rally

LD1805132896 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 18 May 96

[FBIS Translated Text] General Ghaffor Mirzoyev, commander of the Presidential Guard in Tajikistan, who is well known in the criminal world as Ghaffor Greybeard [Ghaffor Sedoy], has addressed the Khodzhent rally [of protestors against the government]. At the request of the rally participants, Ghaffor Sedoy gave his own opinion on the arrival of 200-300 presidential guards in Leninabad Region, and called on the people not to aggravate the situation. According to Mirzoyev, the heated rally must not lead to bloodshed. As a result of abuse of power during the appointment of various leaders in Leninabad Region, many mistakes were made, Mirzoyev said.

When the criminal Ghaffor Sedoy makes the speeches, it means that there is no one left in Tajikistan who can give advice.

Tajikistan: Rally in Khodzhent Ends, Situation Now 'Calm'

LD1805091696 Moscow ITAR-TASS in English 0900 GMT 18 May 96

[FBIS Transcribed Text] DUSHANBE, May 18 (Itar-Tass) — A rally that continued for about a week in the city of Khudzhand, administrative centre of the Leninabad Region of Tajikistan, ended on Friday, and now the situation is calm there, Tass learned today from sources in the apparatus of the Tajik President. They stressed that the stabilisation had become possible thanks to intensive talks between the organisers of the unsanctioned rally and representatives of the central authorities, led by Khamid Pulatov, who remained in Khudzhand all those days. According to the sources, "some of the objective demands of participants in the rally were satisfied, and the rest will be analysed most carefully, and decisions will be taken on them within the framework of the existing legislation."

A normal and calm situation was restored as well in the cities of Isfar, Ura-Tyube and Shakhristan of the Leninabad Region, where minor rallies were also spontaneously held over the past several days.

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Uzbekistan

Uzbekistan: President Views CIS Integration Process

LD1605180196 Moscow INTERFAX in English 1633 GMT 16 May 96

[FBIS Transcribed Text] TASHKENT, May 16 (Interfax) — Uzbek President Islam Karimov will make his views on integration known at the Moscow CIS summit.

Integration and cooperation should abide by certain principles, he told journalists in the Tashkent airport before flying to Moscow.

These principles are: voluntary membership and full equality of the member states, respect for their sovereignty and independence; uniform nature of the reforms underway in every country; reliance on the country's own resources and mutually beneficial deepening of the integration and cooperation principles; no artificial acceleration of integration; and rejection of introducing ideology into integration processes.

"If these principles are accepted, we will take part in the integration processes," Karimov said.

The setting up of joint supra-national interparliamentary or intergovernmental structures would amount to "curbing the rights and sovereignty of the independent state. Every country and its people must build their future themselves," he said.

Uzbekistan: U.S. Delegation Visits Defense Industry Conversion Plant

LD1805110796 Tashkent Uzbekistan Television in Russian 1430 GMT 17 May 96

[FBIS Translated Excerpt] From an agreement to specific cooperation — this is how one could describe the second day of the visit to Uzbekistan by a U.S. delegation for defense industry conversion.

This morning, the members of the U.S. delegation headed by Barry Carter, deputy under secretary of the Export Administration of the U.S. Department of Commerce, visited a major enterprise in the country, the Tashkent Chkalov aviation production association. [passage omitted]

Vladimir Kucherov, the association's director general, informed the guests of its tasks, plans, and forms of economic cooperation with CIS and other countries. Aircraft produced here are being exported to China, Cuba, and Algeria. Currently, new modifications of transport and passenger planes, the Il-76 and Il-114-T, are being developed there. Production of 112 types of consumer goods has been started as part of defense industry conversion. The potential for cooperation is great, the U.S. experts confirmed. Allied Signal, a leading company producing equipment for the aviation industry, intends to expand cooperation with Uzbekistan. Agreement was reached on the possibility of providing a grant to carry out a technical and economic study of the output produced at the enterprise.

Talks about developing business relations between Uzbekistan and the United States continued at a meeting with ministry and department heads, which was held at the Uzbek Cultural and Information Center.

Assessing the transformations in Uzbekistan, Barry Carter said that the young state is moving boldly toward a new economy. Today's conference is a dialogue between the two sides. American entrepreneurs are ready to increase the volume of investments. In the course of the discussion, a detailed portrayal of the proposed cooperation was provided. It was noted at the meeting that the financing of investment projects concerns such areas as the development of the Kokdumalak [oil] deposit [in Kashkadarya Region, southern Uzbekistan], the modernization of the Bukhara oil refinery, the supply of Case combine harvesters to Uzbekistan, and others. The exchange of opinions identified new possibilities in the development of business contacts. The U.S. partners intend to promote the development of small and medium-sized businesses, to expand turnover between the countries, and to implement joint technological and other projects.

The same afternoon, a meeting took place with leaders of the Ministry of Foreign Affairs of Uzbekistan, at which the tasks and activities of the bilateral committee on defense industry conversion was discussed. The development of diplomatic, economic, and trade relations between the two countries was also considered. [passage omitted]

The committee, established under the memorandum signed on 16 May at government level, is intended to promote intensification of cooperation between Uzbekistan and the United States, which still has fairly great potential. The parties discussed various fields of bilateral cooperation. Stanley Escudero, U.S. ambassador to Uzbekistan, was present at the meeting.

The final stage in the program of this extremely full tour was a visit to U.S. business center which is to be opened in Tashkent in the near future. There a signing ceremony took place for a letter to the U.S. Trade and Development Agency concerning the provision of a grant to conduct research under the Allied Signal-TAPOiCh program. [passage omitted]

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Uzbekistan: Uzbek-U.S. Conversion Body Agrees on Operating Rules

LD1805104296 Tashkent PRAVDA VOSTOKA in Russian 17 May 96 p 1

[FBIS Translated Text] An expanded format meeting was held on 16 May of the Uzbek-American Committee for Defense Industry Conversion was held at the Tashkent Friendship of Peoples Palace.

The meeting was chaired by the committee chairmen — Uzbek Prime Minister Utkur Sultanov and U.S. Deputy Trade Minister [as published] Barry Carter.

The meeting discussed conversion of the defense industry, in particular the establishment of cooperation between the Tashkent "Chkalov" Aviation Production Association and U.S. companies; joint work on space research, oil and gas refining, and the development of subsoil resources; and the further development of ties in other areas. The participants also considered the use of a grant of $100 million to Uzbekistan by the U.S. Trade and Development Agency to encourage conversion research. These funds will be used to develop the private sector in our country.

Following the talks, Prime Minister Utkur Sultanov and U.S. Deputy Trade Minister Barry Carter signed the regulations governing the principles of work of the bilateral committee for defense industry conversion.

Deputy Prime Minister Rahimov took part in the meeting.

Stanley Tuemler Escudero, ambassador extraordinary and plenipotentiary of the United States to Uzbekistan, was present at the meeting.

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Armenia

Armenia: Yerevan Accuses Baku of Violating 'All-For-All' POW Swap

LD1805200496 Moscow ITAR-TASS in English 1853 GMT 18 May 96

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, May 18 (Itar-Tass) — Armenia has accused Azerbaijan of violating the "all-for-all" principle during a recent exchange of prisoners of war and of releasing civilians, including criminals, instead of captured troops.

The Armenian Defence Ministry claimed that out of 34 people released by Azerbaijan only eight were POWs. The other 26 people were civilians, including 19 foreign nationals and people who had nothing to do with the conflict and were sentenced for various criminal offences.

The POW exchanges were conducted on May 8 and 10 with the participation of Russian Foreign Minister Yevgeniy Primakov. Azerbaijan released 34 people and Armenia 67. The majority of the released Azeris had been held in captivity in the disputed enclave of Nagorno-Karabakh.

The Defence Ministry quoted current reports and stories told by the released POWs as saying that "many POWs and hostages continue to be held in captivity in Azerbaijan."

It said that Azerbaijani authorities refused to provide information about them to concerned international organisations, including the International Committee of the Red Cross.

The ministry blasted Azerbaijan for breaching the "all-for-all" principle agreed by the presidents of the two countries in Luxembourg and stressed that this "creates an atmosphere of mistrust and may seriously undermine future efforts to settle the Karabakh conflict, especially the mediatory efforts made by Russia."

Armenia: Official Says Armenia Won't Send Armed Forces to Tajikistan

NC1905070696 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0927 GMT 18 May 96

[FBIS Transcribed Text] YEREVAN ("Azg" daily — Armenpress), 05/18/96 — "Signing the document about providing aid to Tajikistan does not mean that we'll send our troops there", said the head of Border Troops Department of ROA [Republic of Armenia] National Security Ministry General Levon Stepanyan.

"If required, we can provide aid with preparation of cadres, our multi-profile military training center will accept students from Tajikistan. These are all problems of humanitarian character", he concluded.

Armenia: Communist Party Leader Hints at Challenge to Regime

NC1705130696 Yerevan NOYAN TAPAN in English 1200 GMT 17 May 96

[FBIS Transcribed Text] Yerevan, May 16 (NOYAN TAPAN)—"The forthcoming presidential elections in Russia are sure to influence not only Armenia, but also the entire world", First Secretary of the Communist Party of Armenia Sergey Badalyan said in an interview with NT [NOYAN TAPAN] reporter. He said, the entire world is awaiting for presidential elections in Russia. "It is going to be a great struggle between capitalism and socialism", Badalyan said, adding that the 21st century is going to be the century of socialism.

The Communist party of Armenia rejects the allegations that the Armenian communists pin hopes on the 11th Red Army. Badalyan said "in Armenia the Armenian people is the 11th Red Army, and the Armenian communists will settle their problems on their own. Sooner or later we'll celebrate our victory."

There is no difference between Communist Parties of Russia and Armenia, Badalyan noted. The only difference is that the Russian communists were acting under more favorable circumstances and, unlike Armenian communists, did not confront with furious anti-communism. He said, both opposition and authorities were against them.

Nowadays the opposition admits the important role of the communists in the struggle against antidemocratic regime, Badalyan said. We are working out programs for cooperation with the opposition, Communist leader announced. "We are not aspiring for power monopoly",- Badalyan emphasized adding that communists do not overestimate the idea of unification. "Communist Party's major ally is the Armenian people, which may easily pit itself against the current regime", Badalyan said.

Azerbaijan

Azerbaijan: Impact of Primakov Karabakh Visit Assessed

964F2160A Yerevan RESPUBLIKA ARMENIYA in Russian 14 May 96 p 1

[Article by Karen Topchyan: "Karabakh's Approaches the Priority? The Kremlin Does Not Intend To Cede the Peacemaking Initiative"]

[FBIS Translated Text] The visit to the region of the Karabakh conflict of Yevgeniy Primakov, minister of

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foreign affairs of the Russian Federation, left a highly contradictory impression. The exchange of POW's and hostages among Azerbaijan, the Nagorno-Karabakh Republic, and Armenia is an unquestionable success. All parties to the conflict acknowledged Moscow's decisive role in the solution of this undoubtedly painful question.

At the same time, there has as yet been no serious progress in a settlement of the most chronic conflict on the territory of the former Union. In any event, neither in Baku nor in Stepanakert nor in Yerevan did the leader of Russia's foreign policy department provide any explanations as regards the new Russian plan for a resolution of the Karabakh crisis. This is why many members of the OSCE Minsk Group are inclined to believe that there hardly is an original Russian plan, so to speak. There are, at best, some developments of existing proposals of the Minsk Group itself. As I learned from informed sources, these peace proposals contain four fundamental points, with which all members of the Minsk Group agree: liberation of all occupied territories, the right of the refugees to return to their native parts, guarantees of security for the population of Nagornyy Karabakh, and also guaranteed access to Nagornyy Karabakh from Armenia. As we can see, they contain no specification of the question of Azerbaijan's territorial integrity, of the future political status of Nagornyy Karabakh even less. Nor, in principle, could they since it is well known that this problem is to be resolved in the concluding phase of the negotiations, at the Minsk Conference.

Yet many political observers in the West, patently at the prompting of certain, also Western, members of the Minsk Group, are even today talking about the priority nature of the opinion of Nagornyy Karabakh itself concerning any agreement on a settlement of the conflict. This is what a BBC observer thinks about this: "It is becoming increasingly clear that the Karabakh Armenians are not prepared for Yerevan to speak on their behalf. Whereas any agreement achieved without their consent rings hollow. It would seem that the efforts of the international community will in the future concentrate on the formulation of guarantees of security and self-government which suit Nagornyy Karabakh, trying at the same time not to repel the Azerbaijanis from a resolution of the problem either." And although this seems to the BBC observer at this time a thing of the very distant future, Rene Neuberg, cochairman of the Minsk Group, is confident that after two years of armistice the Karabakh conflict is ripe for resolution.

In such a situation the question of who the principal mediator will be, that is, specifically speaking, who will play first fiddle in realization of the peacemaking mission, becomes just about the most important. The OSCE Minsk Group's four-year experience has shown that the world community has no single prescription as regards mechanisms of a resolution of the Karabakh conflict. In addition, some ranking OSCE figures are already speaking of the futility at this time of collective mediation, so to speak. There then arises the perfectly reasonable question: Who can really influence the situation in the Transcaucasus? Moscow and Washington have been operating very actively in the past six months, in some cases manifestly as a counterweight to each other, in others, synchronizing their actions on the question of Nagornyy Karabakh. But following the Yeltsin-Clinton meeting in Moscow in April, it has become clear that Moscow has agreed in the coming months to give the Kremlin the initiative on the Karabakh issue. Diplomatic sources connect this gesture with the approaching presidential elections in Russia in June, at which Boris Yeltsin will be opposed by CPRF leader Gennadiy Zyuganov, who is known for his state-supremacy remarks and intentions. In turn, Yeltsin is showing the world and, particularly, his own people that he can resolve in the Transcaucasus any, even the most difficult, problems: An exchange of hostages among all parties to the conflict is being sought. Some observers in Moscow and in the West believe that such a step by the president will undoubtedly help the latter in his campaign against the communists.

But whatever the array of forces after the Russian elections, it is perfectly clear that Moscow, in any event, will try not to let the initiative in a settlement of the Karabakh conflict, and not only the Karabakh but also other conflicts on the territory of the former USSR, pass to anyone else.

Georgia

Georgia: Shevardnadze Holds News Conference on Visit to Russia

LD1805142796 Tbilisi IPRINDA in Georgian 1400 GMT 18 May 96

[FBIS Translated Text] Tbilisi, 18 May — An IPRINDA correspondent reports that Georgian President Eduard Shevardnadze held a news conference on 18 May on the results of his visit to Moscow.

E. Shevardnadze said that at his meeting with B. Yeltsin, the two presidents discussed the restructuring of Georgia's debt to Russia, and this issue was resolved with Georgian interests being taken into account.

On the Abkhaz problem, E. Shevardnadze said the decision to extend the mandate of CIS peacekeeping forces in the conflict zone was taken because of the current political situation in Russia.

The Georgian president criticized the plans to mark the 75th anniversary of the Transcaucasus Military

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District, and said that Georgia would not take part in the celebrations.

Georgia: Shevardnadze on Peacekeeping, Russian Campaign

LD1905141296 Tbilisi First Program Television Network in Georgian 1753 GMT 18 May 96

[News conference by Georgian President Eduard Shevardnadze in Tbilisi on 18 May; monitored in progress—recorded]

[FBIS Translated Excerpt]

[Shevardnadze] The CIS states have expressed readiness to implement the measures for a comprehensive settlement of the [South Ossetian] conflict. It has been stressed that force and various forceful measures should not be used. We shall make joint efforts to establish order. This is provided for in the memorandum, along with the improvement of people's living conditions and the coordination of law-enforcement bodies' activities in stepping up the fight against crime throughout the territory.

The memorandum provides for a gradual demilitarization of the region. This is a very important clause and it may play a decisive role. We have agreed that peacekeeping forces will remain in the demilitarized zone up to a certain time. Public organizations, journalists, scientists, and representatives of culture will have ample possibilities to restore links. [passage omitted]

Most importantly, the two sides have agreed on a timely return of refugees and the population which has been forcibly displaced. Realistic efforts are already being made.

This is the first document to be signed in the Caucasus in recent times which, in my opinion, will be a realistic step toward a peaceful Caucasus and may herald the building of peace in the Caucasus.

I must stress the great efforts made by Russian President Yeltsin in the settlement of the Georgian-Ossetian conflict and in the drawing up of the above-mentioned document and its adoption. [passage omitted]

The first hurdle of estrangement and distrust has been overcome; however, I would not like to exaggerate the importance of this event. We — I mean the Georgian leadership in particular — have a lot to achieve still in restoring trust and good Georgian-Ossetian traditions. This is not an easy task, but we have made a resolute decision to follow only this path, and our colleagues and partners share the same view.

It would be unfair not to mention the productive work carried out by General Merkuryev, the commander of the peacekeeping forces, as well as the efforts made by presidential envoys Badri Khatidze and Tedo Isakadze [passage omitted]

I welcome the visit by the minister of communications [Pridon Injia] to Tskhinvali [region center of South Ossetia] yesterday. He has already made some important decisions. Our builders, financiers, transport experts, and law-enforcement bodies are faced with similar tasks. The main thing is not to stop the beneficial movement for peace and for the restoration of good-neighborliness.

Unfortunately, we have no grounds to talk about serious progress in a settlement of the Abkhaz conflict. There have been small improvements — probably they are at an embryonic stage — but for the time being, these are still early day to be talking about progress. We must welcome the fact that an active dialogue on the basis of bilateral [Georgian-Abkhaz] relations is being held and we hope that more participants will gradually join in the dialogue. It has not yet been possible to implement fully the UN Security Council's numerous resolutions as well as the CIS summit decisions as they were envisaged.

Work on a new mandate has not borne palpable results yet. That is why we have agreed to extend the peacekeepers' mandate for two more months [until 19 July] and the CIS presidents have ordered the foreign and defense ministers to use these two months fully to implement the resolution adopted at the Moscow summit on 19 January. We agreed at the Moscow summit that it is necessary to implement this resolution.

There is one new detail in the agreed mandate — the peacekeeping forces now have the function of clearing the Abkhaz territory of mines. You know that the whole Abkhaz territory, including tea and citrus fruit plantations, valleys, and roads, is covered with mines. This operation is very significant for the security of both those who have remained in Abkhazia and those who have returned.

The issue of a radical change in the peacekeepers' activities was raised [at the summit]. I have spoken about the positive role of Gen. Merkuryev. Unfortunately, I cannot say the same about some of the peacekeepers' units deployed in Abkhazia and on the right bank of the Inguri River and the commanders of their units.

One of the key results of the Moscow summit was the adoption of a declaration supporting democratic processes in Russia. This was extremely timely and necessary. Now that the trend of strengthening the processes of democracy and a market economy is developing rapidly, it is of vital significance that strong guarantees for the irreversibility of this trend be created. Otherwise, there is still a great danger of chaos, destruc-

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tion, and loss of sovereignty. Prior to the presidential elections in Russia, this danger has been fully recognized and that is why, at the summit, all the presidents unanimously supported democratic reforms in our great neighboring country. It was mentioned that the success of the reforms initiated by President Yeltsin himself are the guarantee which will provide peace and stability in Russia and the CIS states in general and create conditions to facilitate fresh, mutually beneficial cooperation throughout the CIS.

In conditions in which the offshoots of democracy and the new economy are still weak, in which stability has not yet been established everywhere — I mean economic, political, and other kinds of stability — and in which the territorial integrity of some states, including that of Georgia, has been breached, a political shake-up and cataclysms in Russia may lead us to universal chaos. Consequently, Russian citizens have a responsibility not just for their own country. This is briefly the essence of my statement at the summit during the discussion of a draft document. We discussed the draft plan for the integration of the CIS states in 1996-1997 both in the closed and open sessions. This document provides for cooperation in the fields of the economy, science, and technology, industry, investments, and the social sphere. It is a comprehensive and specific program. The breaking of economic links between the CIS states as a result of well-known events has had grave consequences. That is why the necessity for integration is beyond doubt. In the meantime, taking into consideration the fact that integration is a long process and we are still at the initial stage, we must inevitably reckon with the current realities. Because we still have to restore our territorial integrity, and also because we have well-known obligations before international financial organizations and our national legislation also envisages certain limitations, we did not support certain clauses of the draft plan for integration. We refrained from supporting them. First and foremost, this concerns the creation of customs and tax links. The Georgian delegation gave its views and comments on these and other issues and included them in the official document. Similar comments were made by other states, in particular by Uzbekistan, Kazakhstan, Azerbaijan, and other states.

After a discussion of the issue, it was decided that the draft plan would be implemented in the near future with consideration of the above-mentioned comments.

We have discussed an interstate program for the joint fight against organized crime and other kinds of crime on CIS territory until the year 2000. First of all, we are talking about fighting terrorism. Because such transnational crimes as terrorism, the narcotics business, trading in weapons, smuggling radioactive materials, and so on are growing, it is necessary that the CIS states coordinate their actions within a single program. It must be noted that to this end, a certain amount of work has already been carried out in Georgia; in particular, a program has been worked out for cooperation with the CIS states in fighting international terrorism. We have established our views in this program. It was decided that Georgia would be one of the contributors to the relevant agreement.

We have expressed our views on the issue of the agreement on deported people, ethnic minorities, and the restoration of peoples' human rights. But we must complete our own legislation before we sign this document so that what we sign does not run counter to our own legislation. We shall discuss this issue once the work is carried out.

Discussions were held on the agreement on interaction between the CIS border troops on the foreign borders of the CIS states under crisis conditions. This is our argument: As Georgia's territorial integrity has been breached, it cannot implement the duties envisaged by the above agreement. Proceeding from this, we have not signed this document. [passage omitted: other documents unanimously signed by all CIS members]

[Announcer] After the opening speech, the Georgian president answered journalists' questions:

[Unidentified correspondent, in Russian] Are there any guarantees that Georgia is not in for a big political surprise if anyone other than Yeltsin wins in the elections in Russia? Is it possible that the CIS states might draw up, say, a joint security belt? What is your forecast? What will happen to the CIS states if Yeltsin loses in the elections?

[Shevardnadze, in Russian] I have expressed my view, my attitude, and my stance to this issue in Brussels, Luxembourg, and Tbilisi. I have also expressed my view at the summit. I have also formulated my views just now, if you were listening. I must say that some of my colleagues, other presidents, were more categorical. For example, Armenian President Ter-Petrosyan made a statement that if the Communists came to power, the CIS would break up into smithereens, or else the CIS would remain but without Russia. Such were the categorical statements made by some of the presidents. I would not like to jump the gun: the election campaign is in full swing and everything that the presidents of the CIS states can do — I mean the political willpower and political statements — they have set out this position in the statement that was handed out to you. I shall not comment any further on this.

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[Unidentified correspondent] In your absence from Tbilisi, turmoil broke out in connection with the 75th anniversary of the Russian army in Georgia. Parliament expressed its views on this. How would you assess both the Russian side's action and Parliament's reaction?

[Shevardnadze] I have already expressed my negative attitude to this issue. The Russian army command can mark the event which it thinks is worth marking, but as regards Georgia, it will not join the celebration because in practical terms, we are talking about the legacy of the 11th Army. As regards its legacy and the result of the army's action, the Georgian and Russian leaderships have already given an official assessment to it. Therefore, my stance on this is extremely negative. This is known not only to the commanders and heads here, but in Moscow also.

[Unidentified correspondent] A session of Ajaria's Supreme Council has recently adopted a decision to hold new elections in Ajaria. Had this issue, the date of the new elections and so on, been agreed upon with you beforehand? What would you say about the situation surrounding the elections in Ajaria? There is a lot of hullabaloo in Georgia concerning this issue.

[Shevardnadze] We like hullabaloo very much. Aslan Abashidze [chairman of the Supreme Council of Ajaria] and I have discussed many times the fact that parliament was not functioning in Ajaria and this created a certain amount of inconvenience for both Ajaria and Georgia. Therefore, I would like to say the following: I welcome this decision. This is the right decision and I am sure that if the elections are held successfully, their results will raise the authority of Ajaria and its leadership even higher.

You know that Ajaria retained stability and a normal situation at a time when the thunder of wars was rumbling over Georgia and when blood was being shed. This is a great achievement on the part of Ajaria's leadership and I think that now the time has come for the celebration of democratic principles, in the fullest sense of this word.

Georgia: Shevardnadze on Abkhazia, Other Issues

LD2005105596 Tbilisi Radio Tbilisi Network in Georgian 0515 GMT 20 May 96

[Regular interview with Georgian President Eduard Shevardnadze by correspondent Nato Oniani; place not given — live]

[FBIS Translated Excerpt]

[Oniani] Good morning. Here is an interview with Georgian President Eduard Shevardnadze. Batono [polite form of Georgian address] Eduard, last week's important event was your visit to Iran and participation in the inauguration of the Mashhad-Serakhs railroad. This event has great political importance as it heralds the revival of the historic silk road. This will be a main constituent part of the Europe-Asia corridor. Georgian foreign policy made this very point several years ago. In Iran you met the presidents of various countries. Also, two documents were signed in the Turkmen town of Serakhs between Georgia, Azerbaijan, Turkmenistan, and Uzbekistan on cooperation in the sphere of rail transport.

One more event from last week's economic life. The Georgian Parliament discussed the results of the state budget for 1995 and, because of the overexpenditure, the case was passed on to the prosecutor's office for investigation.

[Shevardnadze] Thank you. Good morning. Practical steps for the implementation of the Europe-Asia transport corridor have been shaping up gradually as one of the main trends in integration with world industry. Specific steps are being taken for the revival of the silk road. One of the clear examples of this is, as you have said, the inauguration of the Mashhad-Serakhs railroad. A Georgian delegation, led by the president, was invited to the inauguration. This railroad is very significant for connecting the south with the north, the Central Asian countries with the Persian Gulf, the Transcaucasian countries with Europe. This railroad also provides interesting prospects for Georgia. Links will be made with the countries of the Far East through the Persian Gulf sea ports, as well as with the countries of Central Asia by land. Good, stimulating conditions will be created as a result of businesslike talks held with the presidents of Iran, Turkmenistan, Azerbaijan, Uzbekistan, Turkey, Armenia, Tajikistan, Kyrgyzstan, Pakistan, Afghanistan, and also with the Ukrainian delegation. The signing of an agreement on the coordination of activities in rail transport was also very significant, along with an agreement on regulating transit between Georgia, Azerbaijan, Turkmenistan, and Uzbekistan. This was one of the key events at this major ceremony.

It is also noteworthy that in principle an agreement has been reached on the postponement of Georgia's debt for Iranian gas received in 1994 [as heard] amounting to $12-13 million. We have received consent from the [Iranian] President Hashemi-Rafsanjani.

Last week's visit to Moscow was of a significant economic nature as well as of a political one. I will speak a little further on it today.

As regards various spheres of economic life, I must point out the growth in domestic productivity by ap-

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proximately 14 percent for the last four months. This is one of the best results compared with other states that are on their way to building a new economy. [passage omitted]

Payments for electricity supplies still remains a problem. The debt owed to the Sakenergo [Georgian power department] grew by a further 5 million lari last week and now the total debt stands at 125 million lari. [passage omitted]

Spring sowing is continuing in the villages. According to the operational information of the Ministry of Food and Agriculture, by 16 May 395,000 hectares of land has been plowed and 255,000 hectares of land has been sown, which is 76 percent of all the land that is to be plowed and 76.49 percent of all land to be sown. [passage omitted]

Tax revenues have grown since the beginning of May. On average, weekly revenue has reached 800,000 lari as opposed to 250,000 lari in April. The tax inspectorate has collected 12 million lari's worth of tax in the last two weeks, which will create conditions for fulfilling the plan for the month of May. Since the beginning of this year, the state budget has received 74 million lari. This figure exceeds the level of the corresponding period last year by 38 million lari. [passage omitted]

As things stood on 16 May, customs bodies have received revenue of over 2 million lari, but taking into consideration the fact that over 4 million lari is needed by the end of this month in order to fulfill the plan, the customs department has to work very hard.

As for the country's state budget, according to information from the Ministry of Finance, of the expected 11 million lari, 7.5 million lari was received in the first half of May, which is 65 percent. I am talking about the central budget. [passage omitted]

As regards the debates in parliament on last year's budget, I think that parliament did the right thing to pass these contentious issues on to investigatory bodies. I do not see any grounds for a drama here. The investigatory bodies must study in depth whether there is a criminal case anywhere or an instance of appropriation. However, I am not sure that we are dealing with a large-scale irregularity. New budget relations are being formed and it is natural that every issue connected with the budget generates a lot of emotion. This is what I wanted to say.

[Oniani] Thank you. Batono Eduard, two days ago you returned from Moscow where the 20th summit of the heads of the CIS states was held. Along with supporting Yeltsin in the upcoming elections, the Abkhaz issue was also discussed. The peacekeepers' mandate was extended for two months and most importantly, the Georgian-Ossetian memorandum was signed. Thus an important step was taken toward the settlement of this political conflict.

[Shevardnadze] I have already spoken in detail about my Moscow visit at a news conference on Saturday [18 May]. I will stress several points once again.

Talks with Russian President Boris Yeltsin were very useful. We discussed current Georgian-Russian relations. This meeting was held a week ahead of the summit. We resolved the restructuring of Georgia's debts, a rather complicated issue. We dwelled on the good prospects for a settlement to the Georgian-Ossetian conflict and discussed the development of the election campaign in Russia. Both sides [Georgian and Russian] expressed their disappointment over a settlement to the Abkhaz conflict. After the meeting, talks were held with [South Ossetian leader] Ludvig Chibirov and his colleagues, as well as with [North Ossetian leader] Akhsarbek Galazov. We signed a document on mutual trust and security. I am sure that this document will have a historic mission in overcoming the aftermath of the bloody war waged by adventurist politicians, and for bringing the process of reconciliation to an end. [passage omitted]

As is known, the summit adopted a decision to extend the mandate of peacekeeping forces in Abkhazia for two months provided work on the new mandate is completed within these two months. The foreign and defense ministers were ordered to carry out this work. I am sure that we must take every measure, and, simultaneously with the work on the mandate, we must continue making efforts to find ways for a peaceful settlement. I have already said this at the news conference and I will confirm now that we are ready for bilateral contacts at every level, be it deputies, common citizens, or higher ranking officials.

As regards the summit agenda itself and the results of its work, I would single out the importance of the declaration made by the presidents of the CIS states on supporting democratic processes in Russia. This declaration clearly reflected unanimous support by the heads of the CIS states for the course of the reforms, the completion of which is guaranteed by President Yeltsin.

This position expressed by the heads of the CIS states may have a significant impact on the election campaign. This event also shows that the role of the CIS as a regional international organization is growing. The proof of this is that the UN secretary general [Butrus Butrus-Ghali] arrived specially to address the Moscow summit. He held a very interesting dialogue with the presidents.

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[Oniani] The day before yesterday it was announced that an assassination attempt had been made on the life of the Turkish President Suleyman Demirel. His life was saved by his bodyguard. You know what it means, you have been there, and in a graver situation at that. This is yet another instance whereby force is used in a battle against politicians as opposed to taking a political position.

[Shevardnadze] I was indignant to hear the news about the assassination attempt on Demirel. There are certain difficulties in Turkey at the moment. It is clear what aims the criminals were pursuing by making an attempt on the life of the main guarantor of the country's stability and unity. Thank God everything ended well. I sent a cable to President Demirel in which I expressed my own feelings and the feelings of our people, as well as our attitude toward this incident.

[Oniani] The month of May is full of festivities — students' days that started on 14 April will be completed on 26 May. Tomorrow, the traditional festivities of the Tbilisi Spring will start and most importantly, Georgian Independence Day, 26 May, will be marked.

[Shevardnadze] Thank you. I would like to congratulate my people on the great festivity of 26 May. A big parade will be held on this day. The exercises of the Security Ministry's combat brigade held yesterday were a kind of rehearsal ahead of the parade. These exercises were very successful.

The Tbilisi Spring festivities — initiated and performed by the young people, especially students — will be devoted to the National Independence Day celebrations. Representatives of all generations of the Georgian arts will participate in the Tbilisi Spring festivities. Performers from other countries will also participate. As I have said, Ajaria is making special preparations for the celebration of National Independence Day along with all regions, towns, districts, and villages. The fact that realistic and historic steps are being made toward the building of Georgian statehood allows us to celebrate 26 May. Although overcoming hurdles, we are still advancing resolutely toward building a strong, united, and blossoming country.

[Oniani] Thank you. You were listening to Georgian President Eduard Shevardnadze.

Georgia: Foreign Minister Comments on Siting of Russian Naval Base

LD2005090596 Moscow ITAR-TASS in English 0816 GMT 20 May 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, May 20 (Itar-Tass) — "If Georgia allows Russia to site a military base on its territory near the Turkish border, Turkey will build a military base on its territory, in direct proximity to the Georgian border, but this Turkish military base will not be spearheaded against Georgia. Its purpose will be to ensure Turkey's security," Turkish Ambassador to Georgia Tevfik Okayayuz told the Tbilisi newspaper "Rezonansi".

In reply to a request of journalists to comment on the Turkish Ambassador's statement, Georgian Foreign Minister Irakli Menagharashvili told a press conference here today: "We must strive to switch over from confrontation among countries and blocs in the Caucasus and in the Caucasian Region to international cooperation in order to prevent an escalation of confrontation among the countries located in the Caucasian Region or adjoining it. We must strive for peace in this region."

The Georgian Foreign Minister noted that his country "has an agreement with Russia on the siting of Russian military bases on the territory of Georgia". However, he pointed out that the Georgian side had repeatedly stated that the agreement on the siting of Russian military bases in Georgia would come into force and would be ratified only after Georgia's territorial integrity was restored.

Georgia: Foreign Minister Repeats Claim to Black Sea Fleet

LD1905152296 Moscow INTERFAX in English 1435 GMT 19 May 96

[FBIS Transcribed Text] TBILISI, May 19 (Interfax) — Georgian Foreign Minister Irakly Menagarishvili has reiterated Tbilisi's intention to get a certain number of ships of the former Soviet Black Sea Fleet currently divided between Ukraine and Russia.

Neither Moscow nor Kiev currently oppose providing a part of the ships to Georgia, he told a news conference in Tbilisi Sunday.

"We do not lay claim to strike units, we only want to control our sea borders," he said.

Commenting on a memorandum on security and confidence- building measures between the sides in the Georgian-Ossetian conflict, signed in Moscow on May

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16, Menagarishvili said that there will be no South Ossetian autonomous region in its previous form in Georgia. "The region's political status will be defined in the Georgian Constitution," he said.

The Georgian Constitution currently does not have a chapter on the territorial system. It will be included in the Constitution only after Georgia regains territorial integrity.

According to Menagarishvili, by signing the memorandum, South Ossetian authorities recognized Georgia's territorial integrity.

Menagarishvili also commented on a recent statement by the Turkish ambassador in Georgia that if Russia sets up its military bases in Georgia, Turkey will take adequate measures. Similar measures will also be taken if quotas on conventional weapons in Transcaucasia are reviewed, said the ambassador.

According to the Georgian foreign minister, by launching an initiative to establish peace and stability in the Caucasus, Tbilisi made clear its opposition to any military confrontation in the region.

At the same time he said that Russian military bases in Georgia can be set up, but only if Russia assists Georgia in reestablishing its territorial integrity.

Georgia: Foreign Minister: South Ossetia To Be Given Special Status

LD1905154496 Moscow ITAR-TASS in English 1500 GMT 19 May 96

[By Tenghiz Pachkoriya]

[FBIS Transcribed Text] TBILISI, May 19 (Itar-Tass) — South Ossetia will be given a special status within the Georgian Republic, Georgian foreign minister Irakli Menagharishvili told journalists on Sunday, providing, however, no details.

The final decision on this issue will be taken by the Georgian head of state, the minister said. At the same time, Menagharishvili said that there will be no autonomous territories within Georgia in the form they existed under the Soviet regime.

The Memorandum on measures to ensure security and build-up mutual trust between the parties to the Georgian-Ossetian conflict signed in Moscow on May 16 has a great importance for the establishing of peace and stability not only in South Ossetia but in the Caucasus as a whole, the minister said.

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